

**IN THE CIRCUIT COURT OF THE TWELFTH JUDICIAL CIRCUIT  
WILL COUNTY, ILLINOIS**

**BROOKWOOD CENTER, LLC,**

**Plaintiff,**

**vs.**

**EMCASCO INSURANCE COMPANY,**

**Defendant.**

**Case No.: 2021L 000420**

**COMPLAINT**

Plaintiff, Brookwood Center, LLC, by its attorney, Scott Green of The Law Offices of Scott Green, for its Complaint against Defendant, Emcasco Insurance Company, states:

**COUNT I**  
**(Breach of Contract)**

- 1. At all times relevant, Plaintiff, Brookwood Center, LLC (“Plaintiff” or “Brookwood”), was the owner of the property commonly known as 210-230 N Naperville RD, Bolingbrook, IL 60440-1566 (“the building” or “the insured property”).
2. At all times relevant, Defendant, Emcasco Insurance Company (“Defendant” or “Emcasco”), was and is an Iowa corporation authorized to do business in the State of Illinois and was and is engaged in the business of underwriting and issuing property and casualty insurance policies.
3. Emcasco issued to Brookwood a businessowners insurance policy effective November 01, 2018 to November 01, 2019, policy number 5W3-82-19-19 (“the insurance policy”). A true and correct copy of the Policy is attached hereto as Exhibit “1”.
4. Under the insurance policy, Emcasco insured against risks of direct physical loss or damage to the insured property unless the loss is limited or excluded.

**Initial case management set for  
9/13/2021 at: 9:00 a.m.**

5. Loss caused by hail is not excluded or limited under the terms and conditions of the insurance policy and, as such, hail is a covered risk under the insurance policy.

6. On or about May 27, 2019, while the insurance policy was in full force and effect, the insured property sustained hail damage.

7. Brookwood submitted a claim, claim number Z01514439 to Emcasco under the insurance policy for its losses and damages from this hail occurrence.

8. Brookwood has substantially performed all conditions required by the insurance policy to be performed by it, including, but not limited to, giving prompt notice of the loss to Emcasco and otherwise cooperating with Emcasco's investigation of the claim.

9. As a result, it is Emcasco's duty to pay Brookwood for the entire amount due under the insurance policy for the losses and damages it sustained as a result of the May 27, 2019 hail occurrence.

10. Although requested to do so, Emcasco has failed, refused and continues to fail and refuse to pay Brookwood the entire amount due and owing under the insurance policy for all of its losses and damages.

11. This breach of the insurance contract was and is the direct and proximate cause of damages to Brookwood in an amount in excess of \$50,000.

12. This is an action based on a "written instrument" within the meaning of the Illinois Interest Act and, therefore Brookwood is entitled to prejudgment interest.

WHEREFORE, Plaintiff, Brookwood Center, LLC, prays for judgment in its favor and against Defendant, Emcasco Insurance Company, in an amount in excess of \$50,000, plus prejudgment interest and costs.

PLAINTIFF DEMANDS A TRIAL BY JURY

Dated: May 26, 2021

Respectfully submitted,

/s/ Scott Green

Scott Green  
THE LAW OFFICES OF SCOTT GREEN  
ARDC# 6312940  
P.O. Box 30016  
Chicago, Illinois 60630  
Telephone: (773) 270-4704  
Facsimile: (773) 219-0334  
[sgreen@sdglawoffices.com](mailto:sgreen@sdglawoffices.com)

*Attorney for Plaintiff*



THIS IS A TRUE AND CERTIFIED COPY OF THE ORIGINAL POLICY.

A handwritten signature in black ink that appears to read "John Mitchell".

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JOHN MITCHELL  
RVP, CHICAGO BRANCH MANAGER

EMCASCO INSURANCE COMPANY

INSURED: BROOKWOOD CENTER LLC  
POLICY NUMBER: 5W38219  
POLICY TERM: 11/01/18 TO 11/01/19  
OAKBROOK TERRACE, IL

THIS 13TH DAY OF NOVEMBER 2020



EMCASCO INSURANCE COMPANY

C H A N G E   E N D O R S E M E N T

POLICY PERIOD: FROM 11/01/18 TO 11/01/19

\*-----\*  
\*            POLICY NUMBER        \*  
\* 5 W 3 - 8 2 - 1 9---19 \*  
\*-----\*

N A M E D   I N S U R E D :

P R O D U C E R :

BROOKWOOD CENTER LLC  
4700 W CERMAK RD  
CICERO IL 60804-2523

DSP INSURANCE SERVICES, INC.  
1900 E GOLF RD STE 650  
SCHAUMBURG IL 60173-5031

DIRECT BILL

AGENT: BM 6563  
AGENT PHONE: (847) 934-6100

T H I S   E N D O R S E M E N T   C H A N G E S   T H E   P O L I C Y.  
P L E A S E   R E A D   I T   C A R E F U L L Y.

\*-----\*  
\* ENDORSEMENT EFFECTIVE DATES: 11/01/18 TO 11/01/19 \*  
\*-----\*

IN CONSIDERATION OF THE PREMIUM CHARGED THE FOLLOWING CHANGES ARE  
APPLICABLE TO THIS POLICY: SEE ATTACHED SCHEDULE  
ADDED PRODUCER ID

-----  
ADDITIONAL PREMIUM: \$ 0.00  
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PLACE OF ISSUE: OAKBROOK TERRACE, IL  
DATE OF ISSUE: 08/08/19 COUNTERSIGNED BY:  
FORM: IL1201A (ED. 01-86)

010 MH

5W38219 1902



EMCASCO INSURANCE COMPANY

PRIOR POLICY: 5W3-82-19

## BUSINESS OWNERS DECLARATIONS

POLICY PERIOD: FROM 11/01/18 TO 11/01/19

\*-----\*  
 \* POLICY NUMBER \*  
 \* 5 W 3 - 8 2 - 1 9 -- 1 9 \*  
 \*-----\*

## NAMED INSURED:

BROOKWOOD CENTER LLC  
 4700 W CERMAK RD  
 CICERO IL 60804-2523

## PRODUCER:

DSP INSURANCE SERVICES, INC.  
 1900 E GOLF RD STE 650  
 SCHAUMBURG IL 60173-5031

DIRECT BILL

AGENT: BM 6563  
 AGENT PHONE: (847)934-6100  
 CLAIM REPORTING: (888)362-2255  
 SERVICING CARRIER: (630)613-1015

THIS POLICY RENEWAL IS OFFERED CONTINGENT UPON THE RECEIPT OF PAYMENT  
 WHICH IS DUE ON 10/01/19.

INSURED IS:LLC

Business Desc: LESSORS RISK

In Return for the Payment of the Premium, & Subject to all the Terms of This Policy, We Agree with You to Provide the Insurance as Stated in this Policy.

## PROPERTY - Businessowners Coverage Form

Refer to SECTION I-PROPERTY in the Businessowners Coverage Form and Any Schedule or Endorsements Attached.

## LIABILITY &amp; MEDICAL PAYMENTS

Except for Damage to Premises Rented to You, Each Paid Claim for the Following Coverages Reduces the Amount of Insurance We Provide During the Policy Period. Refer To SECTION II-LIABILITY in the Businessowners Coverage Form, the Following Schedule and Any Attached Endorsements.

## Limits of Insurance

Liability and Medical Expenses (Each Occurrence)	\$ 1,000,000
Medical Expenses (Per Person)	\$ 10,000
Other Than Products/Completed Operations Aggregate	\$ 2,000,000
Products/Completed Operations Aggregate	\$ 2,000,000
Damage to Premises Rented to You (Any One Premises)	\$ 300,000

## PROPERTY LIABILITY &amp; MEDICAL PAYMENTS

The following Optional Coverages/Endorsements (and/or applicable limits) modifies insurance provided under Section I - Property and/or Section II Liability of the Businessowners Coverage Form.

Expanded Businessowners Enhancement Endorsement

See BP7200

\*Businessowners Premium \$ 4675.00



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EMCASCO INSURANCE COMPANY  
BROOKWOOD CENTER LLC

POLICY NO: 5W3-82-19---19  
EFF DATE: 11/01/18 EXP DATE: 11/01/19

B U S I N E S S S O W N E R S   D E C L A R A T I O N S

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FORMS APPLICABLE:

BP0003(07/13), BP0154(01/18)\*, BP0417(01/10), BP0430(07/13),  
BP0498(07/13), BP0523(01/15), BP0542(01/15), BP0577(01/06),  
BP0643(04/06), BP1203(01/10), BP1478(07/13), BP1504(05/14),  
BP7001.2A(10/05), BP7001.3A(01/10), BP7001.4A(01/10), BP7001A(01/10)\*,  
BP7003(07/13), BP7135(08/08), BP7197(08/08), BP7200(07/13),  
BP7466(01/10), IL7004(09/16), IL7028(05/15), IL7131A(04/01)\*,  
IL7621(04/16)\*, IL8062(07/16)\*, IL8383.2A(01/15), IL8384A(01/08),  
IL8576(09/09)\*, IL8599(11/11), IL8720(08/15)\*

REFER TO PRIOR DISTRIBUTION(S) FOR ANY FORMS NOT ATTACHED

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EMCASCO INSURANCE COMPANY

POLICY NUMBER: 5W3-82-19---19

BROOKWOOD CENTER LLC

EFF DATE: 11/01/18 EXP DATE: 11/01/19

B U S I N E S S O W N E R S   P O L I C Y  
D E C L A R A T I O N S

=====  
ENDORSEMENT SCHEDULE

EDITION

FORM	DATE	DESCRIPTION/ADDITIONAL INFORMATION	PREMIUM
BP0003	07-13	BUSINESSOWNERS COVERAGE FORM	
*BP0154	01-18	ILLINOIS CHANGES	
BP0417	01-10	EMPLOYMENT RELATED PRACTICES EXCL	
BP0430	07-13	PROTECTIVE SAFEGUARDS	
BP0498	07-13	EMPLOYEE BENEFITS LIABILITY COVERAGE	
BP0523	01-15	CAP/LOSSES/CERTIFD ACTS OF TERRORISM	
BP0542	01-15	EXCL OF PUNITIVE DAMAGES FOR TERRORI	
BP0577	01-06	FUNGI OR BACTERIA EXCLUSION (LIAB)	
BP0643	04-06	ILLINOIS CHANGES - DEFENSE COSTS	
BP1203	01-10	LOSS PAYABLE PROVISIONS	
BP1478	07-13	EXCLUSION OF LOSS DUE TO BY-PRODUCTS LOC: 001 BLDG: 001 DESCRIPTION OF RENTAL UNIT MULTIPLE RETAIL STORES, OFFICE, RESTAURANT	
BP1504	05-14	EXCL-ACCESS/DISCLOSURE OF CONFIDENT	
BP7001.2A	10-05	BOP SCHEDULE-MISC PROP POL LEVEL COV	
BP7001.3A	01-10	BOP SCHEDULE-SEC II-LIAB AND MED PAY	
BP7001.4A	01-10	BOP SCHEDULE-MISC LIAB POL LEVEL COV	
*BP7001A	01-10	BOP AUTOMATED SCHEDULE	
BP7003	07-13	BOP QUICK REFERENCE	
BP7135	08-08	LEAD EXCLUSION	
BP7197	08-08	EQUIPMENT BREAKDOWN ENDORSEMENT	
BP7200	07-13	EXPANDED BUSINESSOWNERS EXT END	
BP7466	01-10	AMENDMENT OF EMPLOYEE BENEFITS PROG	
IL7004	09-16	MUTUAL POLICY PROVISIONS	
IL7028	05-15	ASBESTOS EXCLUSION	
*IL7131A	04-01	COMM'L POLICY ENDORSEMENT SCHEDULE	\$ 62
*IL7621	04-16	IL-COMPANY ELIMINATION ENDORSEMENT	
*IL8062	07-16	NOTICE OF AVAILABILITY - ILLINOIS	
IL8383.2A	01-15	DISCL PURSUANT TERRSM RISK INS. ACT	
IL8384A	01-08	TERRORISM NOTICE	
*IL8576	09-09	MEDICARE IMPT NOTICE TO POLICYHOLDER	
IL8599	11-11	IL NOTE-PH RELIG FRDM PROT/CIVIL UN	
*IL8720	08-15	POLICYHOLDER NOTICE	



EMCASCO INSURANCE COMPANY  
BROOKWOOD CENTER LLC

POLICY NUMBER: 5W3-82-19---19  
EFF DATE: 11/01/18 EXP DATE: 11/01/19

T E R R O R I S M   N O T I C E

This insurance may include coverage for certified acts of terrorism as defined in the Terrorism Risk Insurance Act, as amended.

Attached you will find a disclosure, which identifies the specific charge for certified acts of terrorism.

YOU MAY HAVE THE OPTION TO REJECT THIS TERRORISM COVERAGE

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For additional information, please contact your agent



EMCASCO INSURANCE COMPANY  
BROOKWOOD CENTER LLC

POLICY NUMBER: 5W3-82-19---19  
EFF DATE: 11/01/18 EXP DATE: 11/01/19

**THIS DISCLOSURE IS ATTACHED TO YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS DISLOSURE DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.**

**D I S C L O S U R E   P U R S U A N T   T O  
T E R R O R I S M   R I S K   I N S U R A N C E   A C T**

**S C H E D U L E**

Terrorism Premium (Certified Acts) \$62.00

**A. Disclosure Of Premium:**

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorism acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this disclosure or in the policy Declarations.

**B. Disclosure Of Federal Participation In Payment Of Terrorism Losses:**

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. For losses occurring in 2015, the federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. Beginning on January 1, 2016, the federal share will decrease by one percentage point per calendar year until equal to 80% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

**C. Cap On Insurer Participation In Payment Of Terrorism Losses:**

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

**The following statement is required to be part of the disclosure notice in MISSOURI:**

The premium above is for certain losses resulting from certified acts of terrorism as covered pursuant to coverage provisions, limitations and exclusions in this policy. You should read the definition in your policy carefully, but generally speaking, "certified" acts of terrorism are acts that exceed \$5 million in aggregate losses to the insurance industry and which are subsequently declared by the U.S. Secretary of the Treasury as a certified terrorist act under the Terrorism Risk Insurance Act. Some losses resulting from certified acts of terrorism are not covered. Read your policy and endorsements carefully.

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DATE OF ISSUE: 09/18/18

FORM: IL8383.2A(01-15)

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5W38219 1901



EMCASCO INSURANCE COMPANY  
BROOKWOOD CENTER LLC

POLICY NO: 5W3-82-19---19  
EFF DATE: 11/01/18 EXP DATE: 11/01/19

B U S I N E S S O W N E R S   S C H E D U L E  
S E C T I O N   I   P R O P E R T Y

LOC 001  
210-230 N NAPERVILLE RD  
BOLINGBROOK, IL  
60440-1566

Deductibles: Property-\$1,000

For Inspection Contact: BARRY REGGI 708-268-1323 Agt: N

-----  
COVERAGE(S) AT LOCATION SHOWN ABOVE

BUILDING NUMBER 001

Description:  
1 STORY MAS NONCOMB  
BLDG IN PROT CLASS 03

Occupancy:  
MULTIPLE RETAIL STORES,  
OFFICE, RESTAURANT

Protective Safeguards: P5

Coverage	Limit of Insurance	Spec* Ints	Optional Coverages/ Endorsements
BUILDING	\$ 2,924,646	01   Replacement Cost 02   Automatic Increase-04%	

=====  
Special Interests

01 LOSS PAYEE  
RIVERSOURCE LIFE INSURANCE CO  
25522 AMERIPRISE FINANCIAL CTR  
MINNEAPOLIS, MN 55474  
Paragraph A of the Loss Payable Provision Applies

02 MORTGAGEE  
RIVERSOURCE LIFE INSURANCE CO  
25522 AMERIPRISE FINANCIAL CTR  
MINNEAPOLIS, MN 55474



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BROOKWOOD CENTER LLC

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B U S I N E S S S O W N E R S   S C H E D U L E  
MISCELLANEOUS P R O P E R T Y  
P O L I C Y L E V E L C O V E R A G E S

## Coverage

## Limits of Insurance

EQUIPMENT BREAKDOWN

See BP7197

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FORM: BP7001.2A ED. 10-05

08/03/18

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EMCASCO INSURANCE COMPANY  
BROOKWOOD CENTER LLCPOLICY NO: 5W3-82-19---19  
EFF DATE: 11/01/18 EXP DATE: 11/01/19

**B U S I N E S S O W N E R S   S C H E D U L E**  
**S E C T I O N   I I   L I A B I L I T Y   A N D**  
**M E D I C A L   P A Y M E N T S**

Classification/Exposure Basis	Exposure	Rate	Premium
Location 001			
Building 001			
85144-Strip Mall-15000-50000SQFT-W /Rest under 35% SQFT-No Bar(LRO)	\$ 2,924,646	0.018	\$ 535
Exposure Basis:			
Limit of Insurance			

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 DATE OF ISSUE: 09/18/18 (BPP)

FORM: BP7001.3A ED. 01-10

08/03/18

010

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EMCASCO INSURANCE COMPANY  
BROOKWOOD CENTER LLCPOLICY NO: 5W3-82-19---19  
EFF DATE: 11/01/18 EXP DATE: 11/01/19

**B U S I N E S S O W N E R S   S C H E D U L E**  
**MISCELLANEOUS L I A B I L I T Y**  
**POLICY LEVEL COVERAGES**

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Coverage	Limit of Insurance	Premium
EMPLOYEE BENEFITS	\$1,000,000 Each Employee	\$ 114
DEDUCTIBLE: \$ 1,000-EACH EMPLOYEE	\$2,000,000 Aggregate	
RETROACTIVE DATE: 11/01/2014		

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INCLUDES COPYRIGHTED MATERIAL OF ISO PROPERTIES, INC. WITH ITS PERMISSION  
 DATE OF ISSUE: 09/18/18 (BPP)

FORM: BP7001.4A ED. 01-10 08/03/18 010 5W38219 1901

**BUSINESS OWNERS**  
BP 00 03 07 13

## **BUSINESS OWNERS COVERAGE FORM**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Form, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

In Section II – Liability, the word "insured" means any person or organization qualifying as such under Paragraph C. Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Paragraph H. Property Definitions in Section I – Property and Paragraph F. Liability And Medical Expenses Definitions in Section II – Liability.

### **SECTION I – PROPERTY**

#### **A. Coverage**

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

##### **1. Covered Property**

Covered Property includes Buildings as described under Paragraph a. below, Business Personal Property as described under Paragraph b. below, or both, depending on whether a Limit Of Insurance is shown in the Declarations for that type of property. Regardless of whether coverage is shown in the Declarations for Buildings, Business Personal Property, or both, there is no coverage for property described under Paragraph 2. Property Not Covered.

- a. Buildings, meaning the buildings and structures at the premises described in the Declarations, including:
  - (1) Completed additions;
  - (2) Fixtures, including outdoor fixtures;
  - (3) Permanently installed:
    - (a) Machinery; and
    - (b) Equipment;
  - (4) Your personal property in apartments, rooms or common areas furnished by you as landlord,

- (5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:
  - (a) Fire extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (6) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the buildings or structures;
  - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures
  - b. Business Personal Property located in or on the buildings or structures at the described premises or in the open (or in a vehicle) within 100 feet of the buildings or structures or within 100 feet of the premises described in the Declarations, whichever distance is greater, including:
    - (1) Property you own that is used in your business;
    - (2) Property of others that is in your care, custody or control, except as otherwise provided in Loss Payment Property Loss Condition Paragraph E.5.d.(3)(b);
    - (3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
      - (a) Made a part of the building or structure you occupy but do not own, and
      - (b) You acquired or made at your expense but cannot legally remove;
    - (4) Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph 1.b.(2); and

(5) Exterior building glass, if you are a tenant and no Limit Of Insurance is shown in the Declarations for Building property. The glass must be owned by you or in your care, custody or control.

## 2. Property Not Covered

Covered Property does not include:

a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration,

b. "Money" or "securities" except as provided in the:

(1) Money And Securities Optional Coverage, or

(2) Employee Dishonesty Optional Coverage,

c. Contraband, or property in the course of illegal transportation or trade;

d. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);

e. Outdoor fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than trees, shrubs or plants which are part of a vegetated roof), all except as provided in the

(1) Outdoor Property Coverage Extension, or

(2) Outdoor Signs Optional Coverage;

f. Watercraft (including motors, equipment and accessories) while afloat;

g. Accounts, bills, food stamps, other evidences of debt, accounts receivable or "valuable papers and records"; except as otherwise provided in this policy,

h. "Computer(s)" which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motortruck or other vehicle subject to motor vehicle registration This paragraph does not apply to "computer(s)" while held as "stock",

i. "Electronic data", except as provided under Additional Coverages – Electronic Data. This Paragraph i. does not apply to your "stock" of prepackaged software or to "electronic data" which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system; or

j. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings

## 3. Covered Causes Of Loss

Direct physical loss unless the loss is excluded or limited under Section I – Property

## 4. Limitations

a. We will not pay for loss of or damage to:

(1) Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

(2) Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion

(3) Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property This limitation does not apply to the Optional Coverage for Money and Securities.

(4) Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions

(5) The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(a) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

- (b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- (6) Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
  - (a) Dampness or dryness of atmosphere or of soil supporting the vegetation;
  - (b) Changes in or extremes of temperature;
  - (c) Disease;
  - (d) Frost or hail; or
  - (e) Rain, snow, ice or sleet.
- b. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
  - (1) Animals, and then only if they are killed or their destruction is made necessary.
  - (2) Fragile articles such as glassware, statuary, marble, chinaware and porcelain, if broken. This restriction does not apply to:
    - (a) Glass that is part of the exterior or interior of a building or structure;
    - (b) Containers of property held for sale, or
    - (c) Photographic or scientific instrument lenses
  - c. For loss or damage by theft, the following types of property are covered only up to the limits shown (unless a higher Limit Of Insurance is shown in the Declarations):
    - (1) \$2,500 for furs, fur garments and garments trimmed with fur
    - (2) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item
    - (3) \$2,500 for patterns, dies, molds and forms

## 5. Additional Coverages

### a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage
- (2) Debris Removal does not apply to costs to:
  - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
  - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
  - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
  - (d) Remove property of others of a type that would not be Covered Property under this policy;
  - (e) Remove deposits of mud or earth from the grounds of the described premises;
  - (f) Extract "pollutants" from land or water; or
  - (g) Remove, restore or replace polluted land or water
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
  - (a) The most that we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to Paragraph (3)(a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.

(4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if Paragraphs (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

## (5) Examples

### Example 1

Limit of Insurance	\$ 90,000
Amount of Deductible	\$ 500
Amount of Loss	\$ 50,000
Amount of Loss Payable	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense	\$ 10,000
Debris Removal Expense	
Payable	\$ 10,000
	(\$10,000 is 20% of \$50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense ( $\$49,500 + \$10,000 = \$59,500$ ) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

### Example 2

Limit of Insurance	\$ 90,000
Amount of Deductible	\$ 500
Amount of Loss	\$ 80,000
Amount of Loss Payable	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense	\$ 40,000
Debris Removal Expense	
Payable	

Basic Amount	\$ 10,500
Additional Amount	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows:  $\$80,000 (\$79,500 + \$500) \times .25 = \$20,000$ , capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense ( $\$79,500 + \$40,000 = \$119,500$ ) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph (4). Thus, the total payable for debris removal expense in this example is \$35,500, \$4,500 of the debris removal expense is not covered.

**b. Preservation Of Property**

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss of or damage to that property.

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$2,500 for service at each premises described in the Declarations, unless a different limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss, or
- (2) Required by local ordinance

**d. Collapse**

The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse as described and limited in Paragraphs d.(1) through d.(7).

- (1) For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- (2) We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this policy or that contains Covered Property insured under this policy, if such collapse is caused by one or more of the following:
  - (a) Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

(b) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

(c) Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

(d) Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

- (i) A cause of loss listed in Paragraph (2)(a) or (2)(b);
- (ii) One or more of the "specified causes of loss";
- (iii) Breakage of building glass;
- (iv) Weight of people or personal property; or
- (v) Weight of rain that collects on a roof.

(3) This Additional Coverage – Collapse does **not** apply to:

- (a) A building or any part of a building that is in danger of falling down or caving in;
- (b) A part of a building that is standing, even if it has separated from another part of the building; or
- (c) A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

(4) With respect to the following property:

- (a) Awnings;
- (b) Gutters and downspouts;
- (c) Yard fixtures;
- (d) Outdoor swimming pools;
- (e) Piers, wharves and docks;
- (f) Beach or diving platforms or appurtenances;
- (g) Retaining walls; and
- (h) Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in Paragraphs (2)(a) through (2)(d), we will pay for loss or damage to that property only if such loss or damage is a direct result of the abrupt collapse of a building insured under this policy and the property is Covered Property under this policy.

- (5) If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
  - (a) The collapse of personal property was caused by a cause of loss listed in Paragraphs (2)(a) through (2)(d) of this Additional Coverage;
  - (b) The personal property which collapses is inside a building; and
  - (c) The property which collapses is not of a kind listed in Paragraph (4), regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph (5) does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

- (6) This Additional Coverage – Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- (7) This Additional Coverage – Collapse will not increase the Limits of Insurance provided in this policy.
- (8) The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in Paragraphs d.(1) through d.(7).

#### e. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

We will not pay the cost to repair any defect that caused the loss or damage, but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- (1) Results in discharge of any substance from an automatic fire protection system; or
- (2) Is directly caused by freezing.

#### f. Business Income

##### (1) Business Income

- (a) We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises mean:

- (i) The portion of the building which you rent, lease or occupy;
- (ii) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (iii) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

(b) We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. We will only pay for ordinary payroll expenses for 60 days following the date of direct physical loss or damage, unless a greater number of days is shown in the Declarations.

(c) Business Income means the.

- (i) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses, and
- (ii) Continuing normal operating expenses incurred, including payroll.

(d) Ordinary payroll expenses:

- (i) Means payroll expenses for all your employees except:
  - i. Officers;
  - ii. Executives,
  - iii. Department Managers;
  - iv. Employees under contract; and
  - v. Additional Exemptions shown in the Declarations as:
    - Job Classifications; or
    - Employees
- (ii) Include:
  - i. Payroll;
  - ii. Employee benefits, if directly related to payroll;
  - iii. FICA payments you pay;
  - iv. Union dues you pay, and
  - v. Workers' compensation premiums

## (2) Extended Business Income

- (a) If the necessary suspension of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:
  - (i) Begins on the date property except finished stock is actually repaired, rebuilt or replaced and "operations" are resumed; and
  - (ii) Ends on the earlier of:
    - i. The date you could restore your "operations", with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or damage had occurred, or
    - ii. 60 consecutive days after the date determined in Paragraph (a)(i) above, unless a greater number of consecutive days is shown in the Declarations

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

- (b) Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.
- (3) With respect to the coverage provided in this Additional Coverage, suspension means:
  - (a) The partial slowdown or complete cessation of your business activities; or
  - (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.
- (4) This Additional Coverage is not subject to the Limits of Insurance of Section I – Property

### **g. Extra Expense**

(1) We will pay necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises mean

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

(2) Extra Expense means expense incurred.

- (a) To avoid or minimize the suspension of business and to continue "operations":
  - (i) At the described premises; or
  - (ii) At replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations.
- (b) To minimize the suspension of business if you cannot continue "operations"

### **(c) To:**

- (i) Repair or replace any property; or
- (ii) Research, replace or restore the lost information on damaged "valuable papers and records"; to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage f. Business Income

(3) With respect to the coverage provided in this Additional Coverage, suspension means

- (a) The partial slowdown or complete cessation of your business activities; or
- (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

(4) We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance of Section I – Property

### **h. Pollutant Clean-up And Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay for each location under this Additional Coverage is \$10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

**i. Civil Authority**

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property, and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for necessary Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end.

- (1) Four consecutive weeks after the date of that action, or
- (2) When your Civil Authority Coverage for Business Income ends;

whichever is later.

The definitions of Business Income and Extra Expense contained in the Business Income and Extra Expense Additional Coverages also apply to this Civil Authority Additional Coverage. The Civil Authority Additional Coverage is not subject to the Limits of Insurance of Section I – Property.

**j. Money Orders And "Counterfeit Money"**

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

- (1) Money orders issued by any post office, express company or bank that are not paid upon presentation; or
- (2) "Counterfeit money" that is acquired during the regular course of business.

The most we will pay for any loss under this Additional Coverage is \$1,000

**k. Forgery Or Alteration**

- (1) We will pay for loss resulting directly from forgery or alteration of any check, draft, promissory note, bill of exchange or similar written promise of payment in "money" that you or your agent has issued, or that was issued by someone who impersonates you or your agent.
- (2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.
- (3) For the purpose of this coverage, check includes a substitute check as defined in the Check Clearing for the 21st Century Act and will be treated the same as the original it replaced.
- (4) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$2,500, unless a higher Limit Of Insurance is shown in the Declarations.

**I. Increased Cost Of Construction**

- (1) This Additional Coverage applies only to buildings insured on a replacement cost basis.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in Paragraphs (3) through (9) of this Additional Coverage.

- (3) The ordinance or law referred to in Paragraph (2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
  - (a) You were required to comply with before the loss, even when the building was undamaged, and
  - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:
  - (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot; or
  - (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet rot or dry rot
- (6) The most we will pay under this Additional Coverage, for each described building insured under Section I – Property, is \$10,000. If a damaged building(s) is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for each damaged building, is \$10,000.  
The amount payable under this Additional Coverage is additional insurance.
- (7) With respect to this Additional Coverage:
  - (a) We will not pay for the Increased Cost of Construction:
    - (i) Until the property is actually repaired or replaced, at the same or another premises, and
    - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
  - (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the same premises.
  - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the new premises
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment Property Loss Condition in Section I – Property do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in Paragraph (6) of this Additional Coverage, is not subject to such limitation.

**m. Business Income From Dependent Properties**

- (1) We will pay for the actual loss of Business Income you sustain due to physical loss or damage at the premises of a dependent property or secondary dependent property caused by or resulting from any Covered Cause of Loss.

However, this Additional Coverage does not apply when the only loss at the premises of a dependent property or secondary dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property or secondary dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

The most we will pay under this Additional Coverage is \$5,000 unless a higher Limit Of Insurance is indicated in the Declarations

- (2) We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available.
  - (a) Source of materials; or
  - (b) Outlet for your products.
- (3) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
- (4) Dependent property means property owned by others whom you depend on to.
  - (a) Deliver materials or services to you, or to others for your account. But services does not mean water supply services, wastewater removal services, communication supply services or power supply services,
  - (b) Accept your products or services;
  - (c) Manufacture your products for delivery to your customers under contract for sale, or
  - (d) Attract customers to your business.

The dependent property must be located in the coverage territory of this policy.
- (5) Secondary dependent property means an entity which is not owned or operated by a dependent property and which,
  - (a) Delivers materials or services to a dependent property, which in turn are used by the dependent property in providing materials or services to you; or

(b) Accepts materials or services from a dependent property, which in turn accepts your materials or services.

A road, bridge, tunnel, waterway, airfield, pipeline or any other similar area or structure is not a secondary dependent property.

Any property which delivers any of the following services is not a secondary dependent property with respect to such services.

- (i) Water supply services;
- (ii) Wastewater removal services;
- (iii) Communication supply services, or
- (iv) Power supply services

The secondary dependent property must be located in the coverage territory of this policy

- (6) The coverage period for Business Income under this Additional Coverage
  - (a) Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property or secondary dependent property, and
  - (b) Ends on the date when the property at the premises of the dependent property or secondary dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- (7) The Business Income coverage period, as stated in Paragraph (6), does not include any increased period required due to the enforcement of or compliance with any ordinance or law that.
  - (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
  - (b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not reduce the Business Income coverage period.

(8) The definition of Business Income contained in the Business Income Additional Coverage also applies to this Business Income From Dependent Properties Additional Coverage.

**n. Glass Expenses**

(1) We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

(2) We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays

**o. Fire Extinguisher Systems Recharge Expense**

(1) We will pay:

(a) The cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 100 feet of the described premises; and

(b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.

(2) No coverage will apply if the fire extinguishing system is discharged during installation or testing

(3) The most we will pay under this Additional Coverage is \$5,000 in any one occurrence.

**p. Electronic Data**

(1) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore "electronic data" which has been destroyed or corrupted by a Covered Cause of Loss To the extent that "electronic data" is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the "electronic data" was stored, with blank media of substantially identical type.

(2) The Covered Causes of Loss applicable to Business Personal Property include a computer virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.

(3) The most we will pay under this Additional Coverage – Electronic Data for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved, is \$10,000, unless a higher Limit Of Insurance is shown in the Declarations. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

(4) This Additional Coverage does not apply to your "stock" of prepackaged software, or to "electronic data" which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

**q. Interruption Of Computer Operations**

(1) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a suspension of "operations" caused by an interruption in computer operations due to destruction or corruption of "electronic data" due to a Covered Cause of Loss.

(2) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:

- (a) Coverage under this Additional Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss" and Collapse.
- (b) If the Businessowners Coverage Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage.
- (c) The Covered Causes of Loss include a computer virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.

(3) The most we will pay under this Additional Coverage – Interruption Of Computer Operations for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved, is \$10,000 unless a higher Limit Of Insurance is shown in the Declarations. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.

(4) This Additional Coverage – Interruption Of Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (3) above has not been exhausted.

(5) Coverage for Business Income does not apply when a suspension of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under Paragraphs (1) through (4) of this Additional Coverage.

- (6) Coverage for Extra Expense does not apply when action is taken to avoid or minimize a suspension of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under Paragraphs (1) through (4) of this Additional Coverage
- (7) This Additional Coverage does not apply when loss or damage to "electronic data" involves only "electronic data" which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

**r. Limited Coverage For "Fungi", Wet Rot Or Dry Rot**

- (1) The coverage described in Paragraphs r.(2) and r.(6) only applies when the "fungi", wet rot or dry rot is the result of a "specified cause of loss" other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof

- (2) We will pay for loss or damage by "fungi", wet rot or dry rot. As used in this Limited Coverage, the term loss or damage means:

- (a) Direct physical loss or damage to Covered Property caused by "fungi", wet rot or dry rot, including the cost of removal of the "fungi", wet rot or dry rot;
- (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet rot or dry rot; and
- (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet rot or dry rot is present.

- (3) The coverage described under this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungi", wet rot or dry rot, we will not pay more than the total of \$15,000 even if the "fungi", wet rot or dry rot continues to be present or active, or recurs, in a later policy period.

- (4) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", wet rot or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungi", wet rot or dry rot, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet rot or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage

- (5) The terms of this Limited Coverage do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder Or Molten Material Damage or Collapse Additional Coverages.

**(6)** The following applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the suspension of "operations" satisfies all the terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverage:

- (a)** If the loss which resulted in "fungi", wet rot or dry rot does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by "fungi", wet rot or dry rot, then our payment under the Business Income and/or Extra Expense Additional Coverages is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- (b)** If a covered suspension of "operations" was caused by loss or damage other than "fungi", wet rot or dry rot, but remediation of "fungi", wet rot or dry rot prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

## 6. Coverage Extensions

In addition to the Limits of Insurance of Section I – Property, you may extend the insurance provided by this policy as provided below.

Except as otherwise provided, the following extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

### a. Newly Acquired Or Constructed Property

#### (1) Buildings

If this policy covers Buildings, you may extend that insurance to apply to:

- (a)** Your new buildings while being built on the described premises, and
- (b)** Buildings you acquire at premises other than the one described, intended for:
  - (i)** Similar use as the building described in the Declarations; or
  - (ii)** Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

### (2) Business Personal Property

If this policy covers Business Personal Property, you may extend that insurance to apply to:

- (a)** Business Personal Property, including such property that you newly acquire, at any location you acquire, or
- (b)** Business Personal Property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations

This Extension does not apply to personal property that you temporarily acquire in the course of installing or performing work on such property or your wholesale activities.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

### (3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a)** This policy expires;
- (b)** 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as Covered Property; or
- (c)** You report values to us

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as Covered Property.

### b. Personal Property Off-premises

You may extend the insurance provided by this policy to apply to your Covered Property, other than "money" and "securities", "valuable papers and records" or accounts receivable, while it is in the course of transit or at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Extension is \$10,000.

### c. Outdoor Property

You may extend the insurance provided by this policy to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants (other than trees, shrubs or plants which are part of a vegetated roof), including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

- (1) Fire,
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion, or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$2,500, unless a higher Limit Of Insurance for Outdoor Property is shown in the Declarations, but not more than \$1,000 for any one tree, shrub or plant.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

### d. Personal Effects

You may extend the insurance that applies to Business Personal Property to apply to personal effects owned by you, your officers, your partners or "members", your "managers" or your employees, including temporary or leased employees. This extension does not apply to

- (1) Tools or equipment used in your business, or
- (2) Loss or damage by theft.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises.

### e. Valuable Papers And Records

- (1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage to "valuable papers and records" that you own, or that are in your care, custody or control, caused by or resulting from a Covered Cause of Loss. This Coverage Extension includes the cost to research, replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.
- (2) This Coverage Extension does not apply to:
  - (a) Property held as samples or for delivery after sale; and
  - (b) Property in storage away from the premises shown in the Declarations.
- (3) The most we will pay under this Coverage Extension for loss or damage to "valuable papers and records" in any one occurrence at the described premises is \$10,000, unless a higher Limit Of Insurance for "valuable papers and records" is shown in the Declarations.  
For "valuable papers and records" not at the described premises, the most we will pay is \$5,000.
- (4) Loss or damage to "valuable papers and records" will be valued at the cost of restoration or replacement of the lost or damaged information. To the extent that the contents of the "valuable papers and records" are not restored, the "valuable papers and records" will be valued at the cost of replacement with blank materials of substantially identical type.
- (5) Paragraph **B.** Exclusions in Section I – Property does not apply to this Coverage Extension except for:
  - (a) Paragraph **B.1.c.**, Governmental Action,
  - (b) Paragraph **B.1.d.**, Nuclear Hazard;
  - (c) Paragraph **B.1.f.**, War And Military Action;

- (d) Paragraph **B.2.f.**, Dishonesty;
- (e) Paragraph **B.2.g.**, False Pretense;
- (f) Paragraph **B.2.m.(2)**, Errors Or Omissions, and
- (g) Paragraph **B.3.**

**f. Accounts Receivable**

- (1) You may extend the insurance that applies to Business Personal Property to apply to accounts receivable. We will pay:
  - (a) All amounts due from your customers that you are unable to collect,
  - (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
  - (c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage, and
  - (d) Other reasonable expenses that you incur to reestablish your records of accounts receivable; that result from direct physical loss or damage by any Covered Cause of Loss to your records of accounts receivable
- (2) The most we will pay under this Coverage Extension for loss or damage in any one occurrence at the described premises is \$10,000, unless a higher Limit of Insurance for accounts receivable is shown in the Declarations. For accounts receivable not at the described premises, the most we will pay is \$5,000
- (3) Paragraph **B.** Exclusions in Section I – Property does not apply to this Coverage Extension except for:
  - (a) Paragraph **B.1.c.**, Governmental Action,
  - (b) Paragraph **B.1.d.**, Nuclear Hazard;
  - (c) Paragraph **B.1.f.**, War And Military Action,
  - (d) Paragraph **B.2.f.**, Dishonesty;
  - (e) Paragraph **B.2.g.**, False Pretense,
  - (f) Paragraph **B.3.**; and
  - (g) Paragraph **B.6.**, Accounts Receivable Exclusion

**g. Business Personal Property Temporarily In Portable Storage Units**

- (1) You may extend the insurance that applies to Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the buildings or structures described in the Declarations or within 100 feet of the described premises, whichever distance is greater.
- (2) The limitation under Paragraph **A.4.a.(5)** also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
  - (a) Will end 90 days after the Business Personal Property has been placed in the storage unit;
  - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the Business Personal Property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to Business Personal Property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form, and does not apply to loss or damage to the storage unit itself.

**B. Exclusions**

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

**a. Ordinance Or Law**

- (1) The enforcement of or compliance with any ordinance or law.
  - (a) Regulating the construction, use or repair of any property, or

- (b) Requiring the tearing down of any property, including the cost of removing its debris.
- (2) This exclusion, Ordinance Or Law, applies whether the loss results from:
  - (a) An ordinance or law that is enforced even if the property has not been damaged; or
  - (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property or removal of its debris, following a physical loss to that property.

**b. Earth Movement**

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in Paragraphs (1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or volcanic action, we will pay for the loss or damage caused by that fire, building glass breakage or volcanic action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter, or
- (c) Lava flow.

With respect to coverage for volcanic action as set forth in 5(a), (5)(b) and 5(c), all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to Covered Property.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused.

**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this policy.

**d. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

**e. Utility Services**

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure.

- (1) Originates away from the described premises, or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

This exclusion does not apply to loss or damage to "computer(s)" and "electronic data".

#### **f. War And Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

#### **g. Water**

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings, or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

#### **h. Certain Computer-related Losses**

- (1) The failure, malfunction or inadequacy of
  - (a) Any of the following, whether belonging to any insured or to others:
    - (i) "Computer" hardware, including microprocessors or other electronic data processing equipment as may be described elsewhere in this policy;
    - (ii) "Computer" application software or other "electronic data" as may be described elsewhere in this policy,
    - (iii) "Computer" operating systems and related software,
    - (iv) "Computer" networks;
    - (v) Microprocessors ("computer" chips) not part of any "computer" system, or
    - (vi) Any other computerized or electronic equipment or components, or
  - (b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph (a) above;
 

due to the inability to correctly recognize, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

(2) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph (1) above

However, if excluded loss or damage, as described in Paragraph (1) above, results in a "specified cause of loss" under Section I – Property, we will pay only for the loss or damage caused by such "specified cause of loss".

We will not pay for repair, replacement or modification of any items in Paragraph (1)(a) or (1)(b) to correct any deficiencies or change any features

#### i. "Fungi", Wet Rot Or Dry Rot

Presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot.

But if "fungi", wet rot or dry rot results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply.

- (1) When "fungi", wet rot or dry rot results from fire or lightning; or
- (2) To the extent that coverage is provided in the Limited Coverage For "Fungi", Wet Rot Or Dry Rot Additional Coverage, with respect to loss or damage by a cause of loss other than fire or lightning.

#### j. Virus Or Bacteria

- (1) Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease
- (2) However, the exclusion in Paragraph (1) does not apply to loss or damage caused by or resulting from "fungi", wet rot or dry rot. Such loss or damage is addressed in Exclusion i.
- (3) With respect to any loss or damage subject to the exclusion in Paragraph (1), such exclusion supersedes any exclusion relating to "pollutants"

2. We will not pay for loss or damage caused by or resulting from any of the following:

#### a. Electrical Apparatus

Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network, or
- (2) Device, appliance, system or network utilizing cellular or satellite technology

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (1) Electrical current, including arcing,
- (2) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (3) Pulse of electromagnetic energy; or
- (4) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by fire.

We will pay for loss or damage to "computer(s)" due to artificially generated electrical, magnetic or electromagnetic energy if such loss or damage is caused by or results from:

- (1) An occurrence that took place within 100 feet of the described premises; or
- (2) Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 100 feet of the described premises.

#### b. Consequential Losses

Delay, loss of use or loss of market

#### c. Smoke, Vapor, Gas

Smoke, vapor or gas from agricultural smudging or industrial operations.

**d. Steam Apparatus**

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

**e. Frozen Plumbing**

Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- (1) You do your best to maintain heat in the building or structure; or
- (2) You drain the equipment and shut off the supply if the heat is not maintained.

**f. Dishonesty**

Dishonest or criminal acts (including theft) by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees (including temporary or leased employees), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party, or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary or leased employees) or authorized representatives; but theft by your employees (including temporary or leased employees) or authorized representatives is not covered

With respect to accounts receivable and "valuable papers and records", this exclusion does not apply to carriers for hire

This exclusion does not apply to coverage that is provided under the Employee Dishonesty Optional Coverage.

**g. False Pretense**

Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

**h. Exposed Property**

Rain, snow, ice or sleet to personal property in the open.

**i. Collapse**

- (1) Collapse, including any of the following conditions of property or any part of the property.
  - (a) An abrupt falling down or caving in;
  - (b) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in, or
  - (c) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to Paragraph i.(1)(a) or i.(1)(b).

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

- (2) This Exclusion i. does not apply.

- (a) To the extent that coverage is provided under the Additional Coverage – Collapse, or
- (b) To collapse caused by one or more of the following:
  - (i) The "specified causes of loss";
  - (ii) Breakage of building glass;
  - (iii) Weight of rain that collects on a roof; or
  - (iv) Weight of people or personal property

**j. Pollution**

We will not pay for loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

**k. Neglect**

Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

**I. Other Types Of Loss**

- (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog,
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force.  
This exclusion does not apply with respect to the breakdown of "computer(s)";
- (7) The following causes of loss to personal property:
  - (a) Dampness or dryness of atmosphere;
  - (b) Changes in or extremes of temperature; or
  - (c) Marring or scratching

But if an excluded cause of loss that is listed in Paragraphs (1) through (7) above results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage

**m. Errors Or Omissions**

Errors or omissions in:

- (1) Programming, processing or storing data, as described under "electronic data" or in any "computer" operations; or
- (2) Processing or copying "valuable papers and records"

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this Coverage Form.

**n. Installation, Testing, Repair**

Errors or deficiency in design, installation, testing, maintenance, modification or repair of your "computer" system including "electronic data".

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this Coverage Form.

**o. Electrical Disturbance**

Electrical or magnetic injury, disturbance or erasure of "electronic data", except as provided for under the Additional Coverages of Section I – Property.

However, we will pay for direct loss or damage caused by lightning

**p. Continuous Or Repeated Seepage Or Leakage Of Water**

Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

- 3. We will not pay for loss or damage caused by or resulting from any of the following Paragraphs a. through c. But if an excluded cause of loss that is listed in Paragraphs a. through c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

**a. Weather Conditions**

Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph B.1. above to produce the loss or damage.

**b. Acts Or Decisions**

Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

**c. Negligent Work**

Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling, or
- (4) Maintenance;  
of part or all of any property on or off the described premises

#### **4. Additional Exclusion**

The following applies only to the property specified in this Additional Exclusion.

##### **Loss Or Damage To Products**

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

#### **5. Business Income And Extra Expense Exclusions**

a. We will not pay for:

(1) Any Extra Expense, or increase of Business Income loss, caused by or resulting from:

(a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons, or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage.

(2) Any other consequential loss.

b. With respect to this exclusion, suspension means:

(1) The partial slowdown or complete cessation of your business activities, and

(2) That a part or all of the described premises is rendered untenantable, if coverage for Business Income applies.

#### **6. Accounts Receivable Exclusion**

The following additional exclusion applies to the Accounts Receivable Coverage Extension:

We will not pay for:

a. Loss or damage caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

b. Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions.

c. Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

#### **C. Limits Of Insurance**

1. The most we will pay for loss or damage in any one occurrence is the applicable Limits Of Insurance of Section I – Property shown in the Declarations.

2. The most we will pay for loss of or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.

3. The amounts of insurance applicable to the Coverage Extensions and the following Additional Coverages apply in accordance with the terms of such coverages and are in addition to the Limits of Insurance of Section I – Property:

- a. Fire Department Service Charge;
- b. Pollutant Clean-up And Removal;
- c. Increased Cost Of Construction;
- d. Business Income From Dependent Properties;
- e. Electronic Data; and
- f. Interruption Of Computer Operations.

#### **4. Building Limit – Automatic Increase**

a. In accordance with Paragraph C.4.b., the Limit of Insurance for Buildings will automatically increase by 8%, unless a different percentage of annual increase is shown in the Declarations.

- b. The amount of increase is calculated as follows:
  - (1) Multiply the Building limit that applied on the most recent of the policy inception date, the policy anniversary date or any other policy change amending the Building limit by:
    - (a) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 7% is .07), or
    - (b) .08, if no percentage of annual increase is shown in the Declarations; and
  - (2) Multiply the number calculated in accordance with b.(1) by the number of days since the beginning of the current policy year, or the effective date of the most recent policy change amending the Building limit, divided by 365

**Example**

If.

The applicable Building limit is \$100,000. The annual percentage increase is 8%. The number of days since the beginning of the policy year (or last policy change) is 146.

The amount of increase is

$$\$100,000 \times .08 \times 146 \div 365 = \$3,200.$$

**5. Business Personal Property Limit – Seasonal Increase**

- a. Subject to Paragraph 5.b., the Limit of Insurance for Business Personal Property is automatically increased by:

(1) The Business Personal Property – Seasonal Increase percentage shown in the Declarations; or

(2) 25% if no Business Personal Property – Seasonal Increase percentage is shown in the Declarations,

to provide for seasonal variances.

- b. The increase described in Paragraph 5.a. will apply only if the Limit Of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:

(1) The 12 months immediately preceding the date the loss or damage occurs, or

(2) The period of time you have been in business as of the date the loss or damage occurs.

**D. Deductibles**

- 1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance of Section I – Property.
- 2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under all of the following Optional Coverages in any one occurrence is the Optional Coverage Deductible shown in the Declarations:
  - a. Money and Securities;
  - b. Employee Dishonesty;
  - c. Outdoor Signs; and
  - d. Forgery or Alteration.

But this Optional Coverage Deductible will not increase the Deductible shown in the Declarations. This Deductible will be used to satisfy the requirements of the Deductible in the Declarations.

- 3. No deductible applies to the following Additional Coverages:
  - a. Fire Department Service Charge;
  - b. Business Income;
  - c. Extra Expense;
  - d. Civil Authority; and
  - e. Fire Extinguisher Systems Recharge Expense.

**E. Property Loss Conditions**

**1. Abandonment**

There can be no abandonment of any property to us

**2. Appraisal**

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally

If there is an appraisal, we will still retain our right to deny the claim.

### **3. Duties In The Event Of Loss Or Damage**

- a. You must see that the following are done in the event of loss or damage to Covered Property:
  - (1) Notify the police if a law may have been broken.
  - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
  - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
  - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limits of Insurance of Section I – Property. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
  - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
  - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
  - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
  - (8) Cooperate with us in the investigation or settlement of the claim.
  - (9) Resume all or part of your "operations" as quickly as possible.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

### **4. Legal Action Against Us**

No one may bring a legal action against us under this insurance unless:

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within two years after the date on which the direct physical loss or damage occurred.

### **5. Loss Payment**

In the event of loss or damage covered by this policy.

- a. At our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to Paragraph d.(1)(e) below.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. Except as provided in Paragraphs (2) through (7) below, we will determine the value of Covered Property as follows:
  - (1) At replacement cost without deduction for depreciation, subject to the following:
    - (a) If, at the time of loss, the Limit of Insurance on the lost or damaged property is 80% or more of the full replacement cost of the property immediately before the loss, we will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:
      - (i) The Limit of Insurance under Section I – Property that applies to the lost or damaged property;

- (ii) The cost to replace, on the same premises, the lost or damaged property with other property:
  - i. Of comparable material and quality; and
  - ii. Used for the same purpose, or
- (iii) The amount that you actually spend that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost is limited to the cost which would have been incurred had the building been built at the original premises.

(b) If, at the time of loss, the Limit of Insurance applicable to the lost or damaged property is less than 80% of the full replacement cost of the property immediately before the loss, we will pay the greater of the following amounts, but not more than the Limit of Insurance that applies to the property.

- (i) The actual cash value of the lost or damaged property; or
- (ii) A proportion of the cost to repair or replace the lost or damaged property, after application of the deductible and without deduction for depreciation. This proportion will equal the ratio of the applicable Limit of Insurance to 80% of the full replacement cost of the property

**Example**

The full replacement cost of property which suffers a total loss is \$100,000. The property is insured for \$70,000. 80% of the full replacement cost of the property immediately before the loss is \$80,000 ( $\$100,000 \times .80 = \$80,000$ ). A partial loss of \$25,000 is sustained. The amount of recovery is determined as follows:

Amount of recovery

$$\$70,000 \div \$80,000 = .875$$

$$.875 \times \$25,000 = \$21,875$$

- (c) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.
- (d) We will not pay on a replacement cost basis for any loss or damage:
  - (i) Until the lost or damaged property is actually repaired or replaced, and
  - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage

However, if the cost to repair or replace the damaged building property is \$2,500 or less, we will settle the loss according to the provisions of Paragraphs d.(1)(a) and d.(1)(b) above whether or not the actual repair or replacement is complete.

- (e) The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

(2) If the Actual Cash Value – Buildings option applies, as shown in the Declarations, Paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.

(3) The following property at actual cash value:

- (a) Used or secondhand merchandise held in storage or for sale;
- (b) Property of others. However, if an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance;

- (c) Household contents, except personal property in apartments or rooms furnished by you as landlord;
- (d) Manuscripts; and
- (e) Works of art, antiques or rare articles, including etchings, pictures, statuary, marble, bronzes, porcelain and bric-a-brac.
- (4) Glass at the cost of replacement with safety glazing material if required by law.
- (5) Tenants' improvements and betterments at:
  - (a) Replacement cost if you make repairs promptly
  - (b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
    - (i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
    - (ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
  - (c) Nothing if others pay for repairs or replacement
- (6) Applicable only to the Optional Coverages:
  - (a) "Money" at its face value; and
  - (b) "Securities" at their value at the close of business on the day the loss is discovered
- (7) Applicable only to accounts receivable:
  - (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage.
    - (i) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs, and
    - (ii) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
  - (b) The following will be deducted from the total amount of accounts receivable, however that amount is established:
    - (i) The amount of the accounts for which there is no loss or damage;
    - (ii) The amount of the accounts that you are able to reestablish or collect;
    - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and
    - (iv) All unearned interest and service charges.
  - e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
  - f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
  - g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this policy, and:
    - (1) We have reached agreement with you on the amount of loss, or
    - (2) An appraisal award has been made.

**h.** A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

## 6. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limits of Insurance of Section I – Property.

## 7. Resumption Of Operations

We will reduce the amount of your:

- a. Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere
- b. Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

## 8. Vacancy

### a. Description Of Terms

- (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in Paragraphs (a) and (b) below:
  - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations
  - (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
    - (i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
    - (ii) Used by the building owner to conduct customary operations.
- (2) Buildings under construction or renovation are not considered vacant

### b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
  - (a) Vandalism;
  - (b) Sprinkler leakage, unless you have protected the system against freezing;

- (c) Building glass breakage;
- (d) Water damage;
- (e) Theft, or
- (f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in Paragraphs (1)(a) through (1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

## F. Property General Conditions

### 1. Control Of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Form at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

### 2. Mortgageholders

- a. The term "mortgageholder" includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgageholder will still have the right to receive loss payment if the mortgageholder.
  - (1) Pays any premium due under this policy at our request if you have failed to do so;
  - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
  - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this policy will then apply directly to the mortgageholder.

e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

- (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

f. If we cancel this policy, we will give written notice to the mortgageholder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason

g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

### 3. No Benefit To Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

### 4. Policy Period, Coverage Territory

Under Section I – Property.

a. We cover loss or damage commencing:

- (1) During the policy period shown in the Declarations; and
- (2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.

b. The coverage territory is:

- (1) The United States of America (including its territories and possessions);
- (2) Puerto Rico; and
- (3) Canada.

## G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages also apply. These coverages are subject to the terms and conditions applicable to property coverage in this policy, except as provided below.

### 1. Outdoor Signs

- a. We will pay for direct physical loss of or damage to all outdoor signs at the described premises:
  - (1) Owned by you; or
  - (2) Owned by others but in your care, custody or control
- b. Paragraph A.3., Covered Causes Of Loss and Paragraph B., Exclusions in Section I – Property do not apply to this Optional Coverage, except for:
  - (1) Paragraph B.1.c., Governmental Action;
  - (2) Paragraph B.1.d., Nuclear Hazard; and
  - (3) Paragraph B.1.f., War And Military Action
- c. We will not pay for loss or damage caused by or resulting from:
  - (1) Wear and tear,
  - (2) Hidden or latent defect,
  - (3) Rust;
  - (4) Corrosion; or
  - (5) Mechanical breakdown.
- d. The most we will pay for loss or damage in any one occurrence is the Limit Of Insurance for Outdoor Signs shown in the Declarations.
- e. The provisions of this Optional Coverage supersede all other references to outdoor signs in this policy.

### 2. Money And Securities

- a. We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee (including a temporary or leased employee) having use and custody of the property, at the described premises, or in transit between any of these places, resulting directly from:
  - (1) Theft, meaning any act of stealing;
  - (2) Disappearance; or
  - (3) Destruction

- b. In addition to the Limitations and Exclusions applicable to Section I – Property, we will not pay for loss:
  - (1) Resulting from accounting or arithmetical errors or omissions;
  - (2) Due to the giving or surrendering of property in any exchange or purchase; or
  - (3) Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
- c. The most we will pay for loss in any one occurrence is:
  - (1) The limit shown in the Declarations for Inside the Premises for "money" and "securities" while:
    - (a) In or on the described premises; or
    - (b) Within a bank or savings institution; and
  - (2) The limit shown in the Declarations for Outside the Premises for "money" and "securities" while anywhere else
- d. All loss:
  - (1) Caused by one or more persons, or
  - (2) Involving a single act or series of related acts;

is considered one occurrence.
- e. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

### 3. Employee Dishonesty

- a. We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
  - (1) Cause you to sustain loss or damage; and also
  - (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
    - (a) Any employee; or
    - (b) Any other person or organization

- b. We will not pay for loss or damage:
  - (1) Resulting from any dishonest or criminal act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.
  - (2) Resulting from any dishonest act committed by any of your employees (except as provided in Paragraph a.), "managers" or directors:
    - (a) Whether acting alone or in collusion with other persons; or
    - (b) While performing services for you or otherwise.
  - (3) The only proof of which as to its existence or amount is:
    - (a) An inventory computation; or
    - (b) A profit and loss computation.
  - (4) Caused by an employee if the employee had also committed theft or any other dishonest act prior to the effective date of this policy and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the employee, learned of that theft or dishonest act prior to the policy period shown in the Declarations
- c. The most we will pay for loss or damage in any one occurrence is the Limit Of Insurance for Employee Dishonesty shown in the Declarations.
- d. All loss or damage:
  - (1) Caused by one or more persons; or
  - (2) Involving a single act or series of acts; is considered one occurrence.
- e. If any loss is covered
  - (1) Partly by this insurance, and
  - (2) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

- f. This Optional Coverage is cancelled as to any employee immediately upon discovery by:
  - (1) You; or
  - (2) Any of your partners, "members", "managers", officers or directors not in collusion with the employee; of any dishonest act committed by that employee before or after being hired by you.
- g. We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.
- h. If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:
  - (1) This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and
  - (2) The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- i. The insurance under Paragraph h. above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:
  - (1) This Optional Coverage as of its effective date, or
  - (2) The prior insurance had it remained in effect.
- j. With respect to the Employee Dishonesty Optional Coverage in Paragraph G.3., employee means:
  - (1) Any natural person
    - (a) While in your service or for 30 days after termination of service;
    - (b) Who you compensate directly by salary, wages or commissions, and
    - (c) Who you have the right to direct and control while performing services for you;

- (2) Any natural person who is furnished temporarily to you:
  - (a) To substitute for a permanent employee, as defined in Paragraph (1) above, who is on leave; or
  - (b) To meet seasonal or short-term workload conditions;
- (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph (2) above;
- (4) Any natural person who is a former employee, director, partner, member, manager, representative or trustee retained as a consultant while performing services for you, or
- (5) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business.

But employee does not mean:

- (1) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character, or
- (2) Any "manager", director or trustee except while performing acts coming within the usual duties of an employee

#### 4. Equipment Breakdown Protection Coverage

- a. We will pay for direct loss of or damage to Covered Property caused by or resulting from a mechanical breakdown or electrical failure to pressure, mechanical or electrical machinery and equipment.

Mechanical breakdown or electrical failure to pressure, mechanical or electrical machinery and equipment does not mean any.

- (1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;
- (2) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- (3) Damage to any vacuum tube, gas tube, or brush; or
- (4) The functioning of any safety or protective device.

- b. Paragraphs A.4.a.(1) and A.4.a.(2), Limitations, do not apply to this Optional Coverage.
- c. With respect to the coverage provided by this Optional Coverage, the following exclusions in Paragraph B. Exclusions do not apply:
  - (1) Paragraph B.2.a., Electrical Apparatus;
  - (2) Paragraph B.2.d., Steam Apparatus; and
  - (3) Paragraph B.2.i.(6), Mechanical Breakdown
- d. With respect to the coverage provided by this Optional Coverage, Paragraph G.1.c.(5) of the **Outdoor Signs Optional Coverage** does not apply.
- e. If a dollar deductible is shown in the Declarations for this Optional Coverage, we will first subtract the applicable deductible amount from any loss we would otherwise pay. We will then pay the amount of loss in excess of the applicable deductible up to the applicable limit for this coverage.

If no optional deductible is chosen for this Optional Coverage, the Property Deductible shown in the Declarations applies.

- f. With respect to Additional Coverages 5.f. Business Income and 5.g. Extra Expense, if the 72-hour time period in the definition of "period of restoration" (hereinafter referred to as time deductible) is amended for this Optional Coverage as shown in the Declarations, we will not pay for any Business Income loss that occurs during the consecutive number of hours shown as the time deductible in the Declarations immediately following a mechanical breakdown or electrical failure. If a time deductible is shown in days, each day shall mean 24 consecutive hours

With respect to the coverage provided by this Optional Coverage, any time deductible shown in the Declarations for Equipment Breakdown Protection Coverage supersedes any time deductible otherwise applicable to the Business Income coverage provided by this policy.

- g. With respect to the coverage provided by this Optional Coverage, Paragraph H. **Property Definitions** is amended as follows:

- 1. "Computer" means:
  - a. Programmable electronic equipment that is used to store, retrieve and process data; and

- b.** Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" includes those used to operate production-type machinery or equipment.

- h.** Whenever any covered pressure, mechanical or electrical machinery and equipment is found to be in, or exposed to, a dangerous condition, any of our representatives may suspend coverage provided by this Optional Coverage for loss from a mechanical breakdown or electrical failure to that pressure, mechanical or electrical machinery and equipment.

However, coverage provided by this Optional Coverage may be reinstated for loss from a mechanical breakdown or electrical failure to that pressure, mechanical or electrical machinery and equipment if the reasons for the suspension are found by any of our representatives to no longer exist.

We may suspend or reinstate this Optional coverage by mailing or delivering a written notification regarding the suspension or reinstatement to:

- (1) Your last known address; or
- (2) The address where the pressure, mechanical or electrical machinery and equipment is located.

This notification will indicate the effective date of the suspension or reinstatement.

If the coverage provided by this Optional Coverage is not reinstated, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

## H. Property Definitions

1. "Computer" means:

- a. Programmable electronic equipment that is used to store, retrieve and process data; and
- b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission

"Computer" does not include those used to operate production-type machinery or equipment.

2. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a "computer" or device connected to it, which enable the "computer" or device to receive, process, store, retrieve or send data.

4. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

5. "Manager" means a person serving in a directorial capacity for a limited liability company.

6. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

7. "Money" means:

- a. Currency, coins and bank notes in current use and having a face value; and

- b. Traveler's checks, register checks and money orders held for sale to the public.

8. "Operations" means your business activities occurring at the described premises.

9. "Period of restoration":

- a. Means the period of time that:

- (1) Begins:

- (a) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or

- (b) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises, and

(2) Ends on the earlier of:

- (a) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- (b) The date when business is resumed at a new permanent location.

b. Does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property, or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"

The expiration date of this policy will not cut short the "period of restoration".

10. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

11. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use, and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money"

12. "Specified causes of loss" means the following:

Fire; lightning, explosion, windstorm or hail; smoke; aircraft or vehicles, riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- (1) The cost of filling sinkholes; or
- (2) Sinking or collapse of land into man-made underground cavities

b. Falling objects does not include loss of or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means:

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam, and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in c.(1) or c.(2) of this definition of "specified causes of loss", such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the ground surface

13. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

**14.** "Valuable papers and records" means inscribed, printed or written:

- a. Documents;
- b. Manuscripts; and
- c. Records;

including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities".

## SECTION II – LIABILITY

### A. Coverages

#### 1. Business Liability

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury", "property damage" or "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" or any offense and settle any claim or "suit" that may result. But,

- (1) The amount we will pay for damages is limited as described in Paragraph D. Liability And Medical Expenses Limits Of Insurance in Section II – Liability; and
- (2) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements or medical expenses.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Paragraph f. Coverage Extension – Supplementary Payments

#### b. This insurance applies

- (1) To "bodily injury" and "property damage" only if:
  - (a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
  - (b) The "bodily injury" or "property damage" occurs during the policy period; and

(c) Prior to the policy period, no insured listed under Paragraph C.1. Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known before the policy period

- (2) To "personal and advertising injury" caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph C.1. Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph C.1. Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
  - (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
  - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
  - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur
- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

**f. Coverage Extension – Supplementary Payments**

- (1) We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend
  - (a) All expenses we incur.
  - (b) Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
  - (c) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
  - (d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work
  - (e) All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
  - (f) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
  - (g) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the limit of liability

- (2) If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
  - (a) The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
  - (b) This insurance applies to such liability assumed by the insured;
  - (c) The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
  - (d) The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
  - (e) The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee, and
  - (f) The indemnitee:
    - (i) Agrees in writing to:
      - i. Cooperate with us in the investigation, settlement or defense of the "suit";
      - ii. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
      - iii. Notify any other insurer whose coverage is available to the indemnitee; and

- iv. Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
- (ii) Provides us with written authorization to
  - i. Obtain records and other information related to the "suit"; and
  - ii. Conduct and control the defense of the indemnitee in such "suit"
- (3) So long as the conditions in Paragraph (2) are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph B.1.b.(2) Exclusions in Section II – Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the Limits of Insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- (a) We have used up the applicable Limit of Insurance in the payment of judgments or settlements; or
- (b) The conditions set forth above, or the terms of the agreement described in Paragraph (2)(f) above, are no longer met

## 2. Medical Expenses

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
  - (1) On premises you own or rent,
  - (2) On ways next to premises you own or rent, or
  - (3) Because of your operations, provided that:
    - (a) The accident takes place in the "coverage territory" and during the policy period;
    - (b) The expenses are incurred and reported to us within one year of the date of the accident; and
- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the Limits of Insurance of Section II – Liability. We will pay reasonable expenses for:
  - (1) First aid administered at the time of an accident;
  - (2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
  - (3) Necessary ambulance, hospital, professional nursing and funeral services.

## B. Exclusions

### 1. Applicable To Business Liability Coverage

This insurance does not apply to:

#### a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

#### b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

- (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract", and

- (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged

#### c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of.

- (1) Causing or contributing to the intoxication of any person,
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages

This exclusion applies even if the claims allege negligence or other wrongdoing in.

- (a) The supervision, hiring, employment, training or monitoring of others by an insured, or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

If the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

#### d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

#### e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of.
  - (a) Employment by the insured, or

- (b) Performing duties related to the conduct of the insured's business; or

- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury

This exclusion does not apply to liability assumed by the insured under an "insured contract".

#### f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants".

- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to.

- (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;

- (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured, or

- (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for.
  - (i) Any insured, or
  - (ii) Any person or organization for whom you may be legally responsible;
- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
  - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
- (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
- (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or
- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants"

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement or such claim or "suit" by or on behalf of a governmental authority

#### **g. Aircraft, Auto Or Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
  - (a) Less than 51 feet long; and
  - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of:
  - (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged; or
  - (b) The operation of any of the following machinery or equipment.
    - (i) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
    - (ii) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

#### **h. Mobile Equipment**

"Bodily injury" or "property damage" arising out of.

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured, or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition or stunting activity.

#### **i. War**

"Bodily injury", "property damage" or "personal and advertising injury", however caused, arising, directly or indirectly, out of.

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents, or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by government authority in hindering or defending against any of these.

#### **j. Professional Services**

"Bodily injury", "property damage" or "personal and advertising injury" caused by the rendering or failure to render any professional service. This includes but is not limited to:

- (1) Legal, accounting or advertising services;
- (2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- (3) Supervisory, inspection or engineering services;
- (4) Medical, surgical, dental, X-ray or nursing services treatment, advice or instruction;
- (5) Any health or therapeutic service treatment, advice or instruction;
- (6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;

- (7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- (8) Body piercing services; and
- (9) Services in the practice of pharmacy

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering or failure to render of any professional service.

**k. Damage To Property**

"Property damage" to:

- (1) Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate Limit of Insurance applies to Damage To Premises Rented To You as described in Paragraph D. Liability And Medical Expenses Limits Of Insurance in Section II – Liability.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

**I. Damage To Your Product**

"Property damage" to "your product" arising out of it or any part of it.

**m. Damage To Your Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard"

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor

**n. Damage To Impaired Property Or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

**o. Recall Of Products, Work Or Impaired Property**

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

**p. Personal And Advertising Injury**

"Personal and advertising injury":

- (1) Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury";
- (2) Arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity;
- (3) Arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period;
- (4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement;
- (5) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- (6) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- (7) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";
- (8) Committed by an insured whose business is:
  - (a) Advertising, broadcasting, publishing or telecasting;
  - (b) Designing or determining content of web sites for others, or
  - (c) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **a.**, **b.** and **c.** of "personal and advertising injury" under Paragraph **F. Liability And Medical Expenses Definitions.**

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting,

- (9) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time;
- (10) With respect to any loss, cost or expense arising out of any:
  - (a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
  - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants";
- (11) Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control;
- (12) Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement". However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan;
- (13) Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers.

**q. Electronic Data**

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

However, this exclusion does not apply to liability for damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

**r. Criminal Acts**

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured

**s. Recording And Distribution Of Material Or Information In Violation Of Law**

"Bodily injury", "property damage" or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA), or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions c., d., e., f., g., h., i., k., l., m., n. and o. in Section II – Liability do not apply to damage by fire to premises while rented to you, or temporarily occupied by you with permission of the owner. A separate Damage To Premises Rented To You Limit of Insurance applies to this coverage as described in Paragraph D. Liability And Medical Expenses Limits of Insurance in Section II – Liability.

**2. Applicable To Medical Expenses Coverage**

We will not pay expenses for "bodily injury":

- a. To any insured, except "volunteer workers".
- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured
- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
- e. To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests.
- f. Included within the "products-completed operations hazard"
- g. Excluded under Business Liability Coverage.

**3. Applicable To Both Business Liability Coverage And Medical Expenses Coverage – Nuclear Energy Liability Exclusion**

This insurance does not apply:

- a. Under Business Liability Coverage, to "bodily injury" or "property damage"
  - (1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which.

- (a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
- (b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

b. Under Medical Expenses Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization

c. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "nuclear material"; if:

- (1) The "nuclear material".
  - (a) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or
  - (b) Has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
- (3) The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; but if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

d. As used in this exclusion:

- (1) "By-product material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

(2) "Hazardous properties" include radioactive, toxic or explosive properties;

(3) "Nuclear facility" means:

- (a) Any "nuclear reactor",
- (b) Any equipment or device designed or used for
  - (i) Separating the isotopes of uranium or plutonium;
  - (ii) Processing or utilizing "spent fuel"; or
  - (iii) Handling, processing or packaging "waste";
- (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";
 

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations,

(4) "Nuclear material" means "source material", "special nuclear material" or "by-product material",

(5) "Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material,

(6) "Property damage" includes all forms of radioactive contamination of property;

(7) "Source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

(8) "Special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof,

(9) "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

(10) "Waste" means any waste material:

- (a) Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and
- (b) Resulting from the operation by any person or organization of any "nuclear facility" included under Paragraphs (a) and (b) of the definition of "nuclear facility"

### C. Who Is An Insured

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner
- b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders
- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
  - (1) "Bodily injury" or "personal and advertising injury":
    - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
    - (b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph (a) above,
    - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph (a) or (b); or
    - (d) Arising out of his or her providing or failing to provide professional health care services
  - (2) "Property damage" to property.
    - (a) Owned, occupied or used by;

- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by; you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
  - (1) With respect to liability arising out of the maintenance or use of that property; and
  - (2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

#### **D. Liability And Medical Expenses Limits Of Insurance**

1. The Limits of Insurance of Section II – Liability shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. Claims made or "suits" brought, or
  - c. Persons or organizations making claims or bringing "suits".
2. The most we will pay for the sum of all damages because of all:
  - a. "Bodily injury", "property damage" and medical expenses arising out of any one "occurrence", and
  - b. "Personal and advertising injury" sustained by any one person or organization;

is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations

3. The most we will pay under Business Liability Coverage for damages because of "property damage" to a premises while rented to you or in the case of fire while rented to you or temporarily occupied by you with permission of the owner is the applicable Damage To Premises Rented To You limit shown for that premises in the Declarations. For a premises temporarily occupied by you, the applicable limit will be the highest Damage To Premises Rented To You limit shown in the Declarations.

#### **4. Aggregate Limits**

The most we will pay for:

- a. All "bodily injury" and "property damage" that is included in the "products-completed operations hazard" is twice the Liability and Medical Expenses limit.
- b. All:
  - (1) "Bodily injury" and "property damage" except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard";
  - (2) Plus medical expenses,
  - (3) Plus all "personal and advertising injury" caused by offenses committed;

is twice the Liability and Medical Expenses limit.

Subject to Paragraph a. or b. above, whichever applies, the Damage To Premises Rented To You limit is the most we will pay for damages because of "property damage" to any one premises, while rented to you, or in the case of fire, while rented to you or temporarily occupied by you with permission of the owner

The Limits of Insurance of Section II – Liability apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

#### **E. Liability And Medical Expenses General Conditions**

##### **1. Bankruptcy**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.

**2. Duties In The Event Of Occurrence, Offense, Claim Or Suit**

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
  - (1) How, when and where the "occurrence" or offense took place;
  - (2) The names and addresses of any injured persons and witnesses; and
  - (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
  - (1) Immediately record the specifics of the claim or "suit" and the date received; and
  - (2) Notify us as soon as practicableYou must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must
  - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
  - (2) Authorize us to obtain records and other information;
  - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
  - (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

**3. Legal Action Against Us**

No person or organization has a right under this policy.

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured, but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

**4. Separation Of Insureds**

Except with respect to the Limits of Insurance of Section II – Liability, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured, and
- b. Separately to each insured against whom claim is made or "suit" is brought.

**F. Liability And Medical Expenses Definitions**

- 1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
  - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
  - b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement
- 2. "Auto" means:
  - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
  - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged.However, "auto" does not include "mobile equipment".
- 3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
- 4. "Coverage territory" means:
  - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

- b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
- c. All other parts of the world if the injury or damage arises out of:
  - (1) Goods or products made or sold by you in the territory described in Paragraph a. above,
  - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
  - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication,

provided the insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in Paragraph a. above or in a settlement we agree to.

- 5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
- 6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document
- 7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
- 8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because
  - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
  - b. You have failed to fulfill the terms of a contract or agreement;
- 9. "Insured contract" means.
  - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
  - b. A sidetrack agreement;
  - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad,
  - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
  - e. An elevator maintenance agreement;
  - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement
- 10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker"

11. "Loading or unloading" means the handling of property.

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto", or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads,
- b. Vehicles maintained for use solely on or next to premises you own or rent,
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, on which are permanently mounted:
  - (1) Power cranes, shovels, loaders, diggers or drills; or
  - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in Paragraph a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types.
  - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
  - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in Paragraph a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
  - (a) Snow removal,
  - (b) Road maintenance, but not construction or resurfacing; or
  - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where they are licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law or motor vehicle registration law are considered "autos".

- 13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions
- 14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses.
  - a. False arrest, detention or imprisonment;
  - b. Malicious prosecution;
  - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
  - d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  - e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

- f. The use of another's advertising idea in your "advertisement", or
- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
- 15. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

- 16. "Products-completed operations hazard".
  - a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
    - (1) Products that are still in your physical possession; or
    - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
      - (a) When all of the work called for in your contract has been completed.
      - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site
      - (c) When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent

- b. Does not include "bodily injury" or "property damage" arising out of:
  - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
  - (2) The existence of tools, uninstalled equipment or abandoned or unused materials

- 17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it, or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment

- 18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", or "personal and advertising injury" to which this insurance applies are alleged "Suit" includes:
  - a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent, or
  - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

- 19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions

- 20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you

- 21. "Your product".

- a. Means:
  - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
    - (a) You;
    - (b) Others trading under your name; or

- (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
  - (a) You;
  - (b) Others trading under your name; or

- (c) A person or organization whose business or assets you have acquired, and
- (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
- b. Includes.
  - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
  - (2) The providing of or failure to provide warnings or instructions
  - c. Does not include vending machines or other property rented to or located for the use of others but not sold
- 22. "Your work"
  - a. Means
    - (1) Work or operations performed by you or on your behalf; and
    - (2) Materials, parts or equipment furnished in connection with such work or operations.
  - b. Includes.
    - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
    - (2) The providing of or failure to provide warnings or instructions.

### **SECTION III – COMMON POLICY CONDITIONS (APPLICABLE TO SECTION I – PROPERTY AND SECTION II – LIABILITY)**

#### **A. Cancellation**

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least.
  - a. Five days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy:
    - (1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:
      - (a) Seasonal unoccupancy; or
      - (b) Buildings in the course of construction, renovation or addition

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

- (2) After damage by a Covered Cause of Loss, permanent repairs to the building
  - (a) Have not started, and
  - (b) Have not been contracted for, within 30 days of initial payment of loss.
- (3) The building has:
  - (a) An outstanding order to vacate;
  - (b) An outstanding demolition order, or
  - (c) Been declared unsafe by governmental authority.
- (4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling
- (5) Failure to:
  - (a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
  - (b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.
- b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
- c. 30 days before the effective date of cancellation if we cancel for any other reason.
- 3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us
- 4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date
- 5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund

6. If notice is mailed, proof of mailing will be sufficient proof of notice

## B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

## C. Concealment, Misrepresentation Or Fraud

This policy is void in any case of fraud by you as it relates to this policy at any time. It is also void if you or any other insured, at any time, intentionally conceals or misrepresents a material fact concerning:

1. This policy;
2. The Covered Property,
3. Your interest in the Covered Property; or
4. A claim under this policy.

## D. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

## E. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time,
  - b. Give you reports on the conditions we find, and
  - c. Recommend changes
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions
  - a. Are safe and healthful, or
  - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

## F. Insurance Under Two Or More Coverages

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

## G. Liberalization

If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

## H. Other Insurance

1. If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance of Section I – Property
2. Business Liability Coverage is excess over:
  - a. Any other insurance that insures for direct physical loss or damage; or
  - b. Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured.
3. When this insurance is excess, we will have no duty under Business Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

## I. Premiums

1. The first Named Insured shown in the Declarations:
  - a. Is responsible for the payment of all premiums; and
  - b. Will be the payee for any return premiums we pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:

- a. Paid to us prior to the anniversary date, and
- b. Determined in accordance with Paragraph 2. above

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.

4. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

#### **J. Premium Audit**

1. This policy is subject to audit if a premium designated as an advance premium is shown in the Declarations. We will compute the final premium due when we determine your actual exposures.
2. Premium shown in this policy as advance premium is a deposit premium only. At the close of each audit period, we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
3. The first Named Insured must keep records of the information we need for premium computation and send us copies at such times as we may request.

#### **K. Transfer Of Rights Of Recovery Against Others To Us**

1. Applicable to Businessowners Property Coverage

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.

b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:

- (1) Someone insured by this insurance;
- (2) A business firm:
  - (a) Owned or controlled by you; or
  - (b) That owns or controls you; or
- (3) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

2. Applicable to Businessowners Liability Coverage:

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

#### **L. Transfer Of Your Rights And Duties Under This Policy**

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

BUSINESSOWNERS  
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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ILLINOIS CHANGES**

This endorsement modifies insurance provided under the following

### **BUSINESSOWNERS COVERAGE FORM INFORMATION SECURITY PROTECTION ENDORSEMENT**

**A. The following is added to the Businessowners Coverage Form.**

**1. If this Policy covers the following in a. and b., then Paragraphs 2. and 3. apply**

- a. Real property used principally for residential purposes up to and including a four family dwelling; or**
- b. Household or personal property that is usual or incidental to the occupancy of any premises used for residential purposes**

**2. The second paragraph of Paragraph E.2. Appraisal Property Loss Condition in Section I – Property is replaced by the following**

- a. Each party will pay its own appraiser and bear the other expenses of the appraisal and umpire equally, except as provided in b. below**
- b. We will pay your appraiser's fee and the umpire's appraisal fee, if the following conditions exist.**
  - (1) You demanded the appraisal, and**
  - (2) The full amount of loss, as set by your appraiser, is agreed to by our appraiser or by the umpire**

**3. Paragraph C. Concealment, Misrepresentation Or Fraud in Section III – Common Policy Conditions is replaced by the following**

#### **C. Concealment, Misrepresentation Or Fraud**

**1. This Policy is void if you or any insured commit fraud or conceal or misrepresent a fact in the process leading to the issuance of this insurance, and such fraud, concealment or misrepresentation is stated in the Policy or endorsement or in the written application for this Policy and.**

- a. Was made with actual intent to deceive, or**

**b. Materially affected either our decision to provide this insurance or the hazard we assumed**

However, this condition will not serve as a reason to void this Policy after the Policy has been in effect for one year or one policy term, whichever is less.

**2. We do not provide coverage under this Policy to you or any other insured who, at any time subsequent to the issuance of this insurance, commit fraud or intentionally conceal or misrepresent a material fact relating to.**

- a. This Policy,**
- b. The Covered Property;**
- c. Your interest in the Covered Property, or**
- d. A claim under this Policy**

**3. Notwithstanding the limitations stated in C.1. above, we may cancel this Policy in accordance with the terms of Paragraph A. Cancellation in Section III – Common Policy Conditions**

**B. Section I – Property is amended as follows:**

**1. Paragraph B.2.a. Electrical Apparatus is replaced by the following:**

#### **a. Electrical Apparatus**

Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by fire

We will pay for loss or damage to "computer(s)" due to artificially generated electrical current if such loss or damage is caused by or results from

- (1) An occurrence that took place within 100 feet of the described premises, or**

(2) Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 100 feet of the described premises.

2. The following exclusion is added to Paragraph **B.2. Exclusions:**

- a. We will not pay for loss or damage arising out of any act committed
  - (1) By or at the direction of any insured, and
  - (2) With the intent to cause a loss.
- b. However, this exclusion will not apply to deny payment to an innocent co-insured who did not cooperate in or contribute to the creation of the loss if
  - (1) The loss arose out of a pattern of criminal domestic violence; and
  - (2) The perpetrator of the loss is criminally prosecuted for the act causing the loss
- c. If we pay a claim pursuant to Paragraph **B.2.b.**, our payment to the insured is limited to that insured's insurable interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance

3. The following is added to Paragraph **E.4. Legal Action Against Us Property Loss Condition**

The two-year period for legal action against us is extended by the number of days between the date the proof of loss is filed with us and the date we deny the claim in whole or in part

**C. Section II – Liability** is amended as follows:

The term "spouse" is replaced by the following Spouse or party to a civil union recognized under Illinois law

**D. Section III – Common Policy Conditions** is amended as follows:

1. The Paragraph **A. Cancellation Common Policy Condition** is replaced by the following

**A. Cancellation**

1. The first Named Insured shown in the Declarations may cancel this Policy by mailing to us advance written notice of cancellation

2. If this Policy has been in effect for 60 days or less, except as provided in Paragraphs **8.** and **9.** below, we may cancel this Policy by mailing written notice of cancellation at least
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium, or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason
3. If this Policy has been in effect for more than 60 days, except as provided in Paragraphs **8.** and **9.** below, we may cancel this Policy only for one or more of the following reasons.
  - a. Nonpayment of premium,
  - b. The Policy was obtained through a material misrepresentation,
  - c. You have violated any of the terms and conditions of the Policy,
  - d. The risk originally accepted has measurably increased,
  - e. Certification to the Director of Insurance of the loss of reinsurance by the insurer which provided coverage to us for all or a substantial part of the underlying risk insured, or
  - f. A determination by the Director of Insurance that the continuation of the Policy could place us in violation of the insurance laws of this State

If we cancel this Policy based on one or more of the above reasons except for nonpayment of premium, we will mail written notice at least 60 days before the effective date of cancellation. When cancellation is for nonpayment of premium, we will mail written notice at least 10 days before the effective date of cancellation.

4. We will mail our notice to you, together with our reason for cancellation, at your last mailing address known to us. Proof of mailing will be sufficient proof of notice

5. Notification of cancellation will also be sent to your broker, if known, or agent of record, if known, and to the mortgagee or lienholder listed on the Policy
6. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date
7. If this Policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund
8. **Real Property Other Than Residential Properties Occupied By Four Families Or Less**

The following applies only if this Policy covers real property other than residential property occupied by four families or less:

If any one or more of the following conditions exists at any building that is Covered Property in this Policy, we may cancel this Policy by mailing to you written notice of cancellation, by both certified and regular mail, if:

- a. After a fire loss, permanent repairs to the building have not started within 60 days of satisfactory adjustment of loss, unless the delay is due to a labor dispute or weather conditions
- b. The building has been unoccupied 60 or more consecutive days. This does not apply to:
  - (1) Seasonal unoccupancy, or
  - (2) Buildings under repair, construction or reconstruction, if properly secured against unauthorized entry.
- c. The building has:
  - (1) An outstanding order to vacate,
  - (2) An outstanding demolition order; or
  - (3) Been declared unsafe in accordance with the law
- d. Heat, water, sewer service or public lighting have not been connected to the building for 30 consecutive days or more

The Policy will terminate 10 days following receipt of the written notice by the Named Insured(s)

#### **9. Residential Properties Occupied By Four Families Or Less**

The following applies if this Policy covers residential properties occupied by four families or less

If this Policy has been in effect for 60 days, or if this is a renewal policy, we may only cancel this Policy for one or more of the following reasons

- a. Nonpayment of premium,
- b. The Policy was obtained by misrepresentation or fraud, or
- c. Any act that measurably increases the risk originally accepted

If we cancel this Policy based on one or more of the above reasons except for nonpayment of premium, we will mail written notice at least 30 days before the effective date of cancellation. When cancellation is for nonpayment of premium, we will mail written notice at least 10 days before the effective date of cancellation

2. Paragraph H.1. **Other Insurance** is replaced by the following:

#### **H. Other Insurance**

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Form. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Form bears to the Limits of Insurance of all insurance covering on the same basis
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance of Section I – Property

3. The following paragraph is added to the **Common Policy Conditions**:

**M. Nonrenewal**

1. If we decide not to renew or continue this Policy, we will mail you written notice, stating the reason for nonrenewal. Proof of mailing will be sufficient proof of notice.
2. Except as provided in Paragraph 6. below, we will mail you notice of nonrenewal at least 60 days before the end of the policy period.
3. If we offer to renew or continue and you do not accept, this Policy will terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer.
4. If we fail to mail proper written notice of nonrenewal and you obtain other insurance, this Policy will end on the effective date of that insurance.
5. The following provision applies to policies other than those described in Paragraph 6.:  
Notification of nonrenewal will also be sent to your broker, if known, or agent of record, if known, and the mortgagee or lienholder listed on the Policy.
6. The following provision applies only if this Policy covers residential properties occupied by four families or less.
  - a. If this Policy has been issued to you and in effect with us for five or more years, we may not fail to renew this Policy unless:
    - (1) The Policy was obtained by misrepresentation or fraud and we mail you notice of nonrenewal at least 30 days before the end of the policy period as provided in 1. above;
    - (2) The risk originally accepted has measurably increased and we mail you notice of nonrenewal at least 30 days before the end of the policy period as provided in 1. above; or
    - (3) You received 60 days' notice of our intent not to renew as provided in 1. above

- b. If this Policy has been issued to you and in effect with us for less than five years, we may not fail to renew this Policy unless you received 30 days' notice as provided in 1. above.
- c. Notification of nonrenewal will also be sent to your broker, if known, or agent of record, if known, and to the last known mortgagee or lienholder.
- d. The nonrenewal shall not become effective until at least 30 days from the proof of mailing date of the notice to you.

E. The following changes apply only to Information Security Protection Endorsement **BP 15 07** if it is attached to this Policy:

1. Paragraph (2) of Insuring Agreement d. **Security Breach Liability** is replaced by the following:
  - (2) We will pay for "defense expenses" as a result of a "claim" in the form of a "regulatory proceeding" first made against the insured during the "policy period" or during the applicable Extended Reporting Period, in response to a "wrongful act" or a series of "interrelated wrongful acts" covered under Paragraph d.(1).
2. The following is added to the **Defense And Settlement** Provision under Paragraph E.:
  3. If we initially defend an insured or pay for an insured's defense but later determine that the claim(s) is (are) not covered under this insurance, we will have the right to reimbursement for the defense costs we have incurred.  
The right to reimbursement for the defense costs under this provision will only apply to defense costs we have incurred after we notify you in writing that there may not be coverage, and that we are reserving our rights to terminate the defense and seek reimbursement for defense costs.
3. The following is added to Exclusion m. under Paragraph I.:
 

However, Paragraphs (1), (2) and (3) shall not apply to loss resulting from a "hostile fire" if, and to the extent, loss resulting from any "claim" is based upon, attributable to or arising out of heat, smoke or fumes.

**4. Paragraph 2. Supplemental Extended Reporting Period under Paragraph N. Extended Reporting Periods** is replaced by the following

**2. Supplemental Extended Reporting Period**

a. You will have the right to purchase a Supplemental Extended Reporting Period from us if:

- (1) This Endorsement is cancelled or nonrenewed for any reason, or
- (2) We renew or replace this Endorsement with insurance that:

(a) Has a Retroactive Date later than the date shown in the Schedule of this Endorsement for either Insuring Agreement d. Security Breach Liability or g. Web Site Publishing Liability. However, the Supplemental Extended Reporting Period will only be provided for the insuring agreement for which our renewal or replacement endorsement has a Retroactive Date later than the date shown in the Schedule of this Endorsement, or

(b) Does not apply to "wrongful acts" on a claims-made basis for either Insuring Agreement d. Security Breach Liability or g. Web Site Publishing Liability. However, the Supplemental Extended Reporting Period will only be provided for the insuring agreement for which our renewal or replacement endorsement does not apply to "wrongful acts" on a claims-made basis

b. A Supplemental Extended Reporting Period, as specified in Paragraph a., lasts one year and is available only for an additional premium.

c. The Supplemental Extended Reporting Period starts with the end of the Basic Extended Reporting Period set forth in Paragraph 1. It does not extend the "policy period" or change the scope of the coverage provided. It applies only to "claims" to which the following applies:

- (1) The "claim" is first made and reported to us during the Supplemental Extended Reporting Period, and

(2) The "claim" arose out of either a "wrongful act" or the first of a series of "interrelated wrongful acts" which occurred on or after the Retroactive Date, if any, shown in the Schedule and before the end of the "policy period".

d. You must give us a written request for the Supplemental Extended Reporting Period within 30 days after the end of the "policy period" or the effective date of cancellation, whichever comes first

e. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium in full within 30 days of tendering your request for the Supplemental Extended Reporting Period to us. Once in effect, the Supplemental Extended Reporting Period may not be cancelled

f. We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:

- (1) The exposures insured,
- (2) Previous types and amounts of insurance,
- (3) Limit of Insurance available under this Endorsement for future payment of damages, and
- (4) Other related factors.

The additional premium may not exceed 200% of the annual premium for this Endorsement. The premium for the Supplemental Extended Reporting Period will be deemed fully earned as of the date it is purchased.

**5. Paragraph H. Other Insurance** under Paragraph O. is replaced by the following

**H. Other Insurance**

If any "loss" resulting from any "claim" is insured by any other valid policy, we shall not be liable under this Endorsement for a greater proportion of such "loss" than the Information Security Protection Aggregate Limit Of Insurance stated in the Schedule bears to the total applicable limit of liability of all valid and collectible insurance against such "loss", unless such other insurance is purchased specifically to apply in excess of the Information Security Protection Aggregate Limit Of Insurance stated in the Schedule of this Endorsement.

6. The definition of "defense expenses" in Paragraph V. is replaced by the following
5. "Defense expenses" means payments allocated to a specific "claim" we investigate, settle or defend, for its investigation, settlement or defense, including
  - a. Fees and salaries of attorneys and paralegals we retain.
  - b. Fees of attorneys an insured retains when, by our mutual agreement or court order (or when required by administrative hearing or proceeding), an insured is given the right to retain defense counsel to defend against a "claim"
  - c. All other litigation or administrative hearing expenses, including fees or expenses of expert witnesses hired either by us or by the defense attorney retained by an insured
  - d. Reasonable expenses incurred by an insured at our request to assist us in the investigation or defense of the "claim", including actual loss of earnings up to \$250 a day because of time off from work
  - e. Costs taxed against an insured in the "suit"

"Defense expenses" does not include salaries and expenses of our "employees" or an insured's "employees" (other than those described in Paragraph d. above).

7. Paragraph d. of the definition of "loss" in Paragraph V. is replaced by the following:
  - d. With respect to Insuring Agreements d. Security Breach Liability and g. Web Site Publishing Liability.

Compensatory damages, settlement amounts and costs awarded pursuant to judgments or settlements

"Loss" does not include:

    - (1) Civil or criminal fines or penalties imposed by law,
    - (2) Punitive or exemplary damages,
    - (3) The multiplied portion of multiplied damages,
    - (4) Taxes;
    - (5) Royalties,
    - (6) The amount of any disgorged profits, or
    - (7) Matters that are uninsurable pursuant to law.

BUSINESS OWNERS  
BP 04 17 01 10

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EMPLOYMENT-RELATED PRACTICES EXCLUSION**

This endorsement modifies insurance provided under the following:

### **BUSINESS OWNERS COVERAGE FORM**

The following exclusion is added to Paragraph **B.1. Exclusions – Applicable To Business Liability Coverage in Section II – Liability:**

This insurance does not apply to "bodily injury" or "personal and advertising injury" to:

(1) A person arising out of any:

- (a) Refusal to employ that person;
- (b) Termination of that person's employment; or
- (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person, or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraph (a), (b) or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraph (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.



POLICY NUMBER.

BUSINESS OWNERS  
BP 04 30 07 13**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****PROTECTIVE SAFEGUARDS**

This endorsement modifies insurance provided under the following.

BUSINESS OWNERS COVERAGE FORM

**SCHEDULE**

Premises Number	Building Number	Protective Safeguards Symbols Applicable	Description Of "P-9" If Applicable

Information required to complete this Schedule, if not shown above, will be shown in the Declarations

A. The following is added to the **Property General Conditions** in **Section I – Property:****Protective Safeguards**

1. As a condition of this insurance, you are required to maintain the protective devices or services listed in the Schedule above.
2. The protective safeguards to which this endorsement applies are identified by the following symbols.
  - a. **"P-1" Automatic Sprinkler System**, including related supervisory services.  
Automatic Sprinkler System means:
    - (1) Any automatic fire protective or extinguishing system, including connected:
      - (a) Sprinklers and discharge nozzles;
      - (b) Ducts, pipes, valves and fittings;
      - (c) Tanks, their component parts and supports, and
      - (d) Pumps and private fire protection mains

- (2) When supplied from an automatic fire protective system:
  - (a) Nonautomatic fire protective systems; and
  - (b) Hydrants, standpipes and outlets.
- b. **"P-2" Automatic Fire Alarm**, protecting the entire building, that is.
  - (1) Connected to a central station; or
  - (2) Reporting to a public or private fire alarm station
- c. **"P-3" Security Service**, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.
- d. **"P-4" Service Contract**, with a privately owned fire department providing fire protection service to the described premises
- e. **"P-5" Automatic Commercial Cooking Exhaust And Extinguishing System**, installed on cooking appliances and having the following components:
  - (1) Hood,

- (2) Grease removal device;
- (3) Duct system, and
- (4) Wet chemical fire extinguishing equipment.

f. "P-9", the protective system described in the Schedule.

B. The following is added to Paragraph **B. Exclusions in Section I – Property:**

We will not pay for loss or damages caused by or resulting from fire if, prior to the fire, you.

1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or

2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

If part of an Automatic Sprinkler System or Automatic Commercial Cooking Exhaust And Extinguishing System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours

POLICY NUMBER:

BUSINESS OWNERS  
BP 04 98 07 13**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****EMPLOYEE BENEFITS LIABILITY COVERAGE**THIS ENDORSEMENT PROVIDES CLAIMS-MADE COVERAGE.  
PLEASE READ THE ENTIRE ENDORSEMENT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESS OWNERS COVERAGE FORM

**SCHEDULE**

<b>Employee Benefits Program:</b>			
<b>Limit Of Insurance</b>		<b>Deductible (Each Employee)</b>	<b>Premium</b>
<b>Each Employee</b>	<b>Aggregate</b>	\$	\$
\$	\$	\$	\$
<b>Retroactive Date:</b>			
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

**A. Section II – Liability** is amended as follows

1. The following is added to Paragraph A. **Coverages:**

**Coverage – Employee Benefits Liability****a. Insuring Agreement**

(1) We will pay those sums that the insured becomes legally obligated to pay as damages because of any act, error or omission, of the insured, or of any other person for whose acts the insured is legally liable, to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages to which this insurance does not apply. We may, at our discretion, investigate any report of an act, error or omission and settle any "claim" or "suit" that may result. But

(a) The amount we will pay for damages is limited as described in Paragraph 4. of this endorsement; and

(b) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

2. This insurance applies to damages only if

(a) The act, error or omission is negligently committed in the "administration" of your "employee benefit program";

(b) The act, error or omission did not take place before the Retroactive Date, if any, shown in the Schedule nor after the end of the policy period; and

- (c) A "claim" for damages, because of an act, error or omission, is first made against any insured, in accordance with Paragraph a.(3) below, during the policy period or an Extended Reporting Period we provide under Paragraph 6. of this endorsement.
- (3) A "claim" seeking damages will be deemed to have been made at the earlier of the following times:
  - (a) When notice of such "claim" is received and recorded by any insured or by us, whichever comes first; or
  - (b) When we make settlement in accordance with Paragraph a.(1) above.
- A "claim" received and recorded by the insured within 60 days after the end of the policy period will be considered to have been received within the policy period, if no subsequent policy is available to cover the "claim".
- (4) All "claims" for damages made by an "employee" because of any act, error or omission, or a series of related acts, errors or omissions, including damages claimed by such "employee's" dependents and beneficiaries, will be deemed to have been made at the time the first of those "claims" is made against any insured.

**b. Exclusions**

This insurance does not apply to:

- (1) Dishonest, Fraudulent, Criminal Or Malicious Act**  
Damages arising out of any intentional, dishonest, fraudulent, criminal or malicious act, error or omission committed by any insured, including the willful or reckless violation of any statute.
- (2) Bodily Injury, Property Damage Or Personal And Advertising Injury**  
"Bodily injury", "property damage" or "personal and advertising injury"
- (3) Failure To Perform A Contract**  
Damages arising out of failure of performance of contract by any insurer

**(4) Insufficiency Of Funds**

Damages arising out of an insufficiency of funds to meet any obligations under any plan included in the "employee benefit program".

**(5) Inadequacy Of Performance Of Investment/Advice Given With Respect To Participation**

Any "claim" based upon:

- (a) Failure of any investment to perform;
- (b) Errors in providing information on past performance of investment vehicles, or
- (c) Advice given to any person with respect to that person's decision to participate or not to participate in any plan included in the "employee benefit program".

**(6) Workers' Compensation And Similar Laws**

Any "claim" arising out of your failure to comply with the mandatory provisions of any workers' compensation, unemployment compensation insurance, social security or disability benefits law or any similar law.

**(7) ERISA**

Damages for which any insured is liable because of liability imposed on a fiduciary by the Employee Retirement Income Security Act of 1974, as now or hereafter amended, or by any similar federal, state or local laws

**(8) Available Benefits**

Any "claim" for benefits to the extent that such benefits are available, with reasonable effort and cooperation of the insured, from the applicable funds accrued or other collectible insurance.

**(9) Taxes, Fines Or Penalties**

Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.

**(10) Employment-related Practices**

Damages arising out of wrongful termination of employment, discrimination or other employment-related practices

2. For the purposes of the coverage provided by this endorsement:
  - a. All references to Supplementary Payments are replaced by Supplementary Payments and Employee Benefits Liability.
  - b. Paragraphs f.(1)(b), f.(2) and f.(3) Coverage Extension – Supplementary Payments do not apply.
3. For the purposes of the coverage provided by this endorsement, Paragraph C.2. Who Is An Insured is replaced by the following.
  2. Each of the following is also an insured:
    - a. Each of your "employees" who is or was authorized to administer your "employee benefit program".
    - b. Any persons, organizations or "employees" having proper temporary authorization to administer your "employee benefit program" if you die, but only until your legal representative is appointed.
    - c. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this endorsement
4. For the purposes of the coverage provided by this endorsement, Paragraph D. Liability And Medical Expenses Limits Of Insurance is replaced by the following.
  - a. **Limits Of Insurance**
    - (1) The Limits Of Insurance shown in the Schedule and the rules below fix the most we will pay regardless of the number of:
      - (a) Insureds;
      - (b) "Claims" made or "suits" brought;
      - (c) Persons or organizations making "claims" or bringing "suits";
      - (d) Acts, errors or omissions; or
      - (e) Benefits included in your "employee benefit program".
    - (2) The Aggregate Limit is the most we will pay for all damages because of acts, errors or omissions negligently committed in the "administration" of your "employee benefit program"

(3) Subject to the Aggregate Limit, the Each Employee Limit is the most we will pay for all damages sustained by any one "employee", including damages sustained by such "employee's" dependents and beneficiaries, as a result of:

- (a) An act, error or omission; or
- (b) A series of related acts, errors or omissions;

negligently committed in the "administration" of your "employee benefit program".

However, the amount paid under this endorsement shall not exceed, and will be subject to, the limits and restrictions that apply to the payment of benefits in any plan included in the "employee benefit program".

The Limits of Insurance of this endorsement apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations of the policy to which this endorsement is attached, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance

**b. Deductible**

- (1) Our obligation to pay damages on behalf of the insured applies only to the amount of damages in excess of the deductible amount stated in the Schedule as applicable to Each Employee. The Limits of Insurance shall not be reduced by the amount of this deductible
- (2) The deductible amount stated in the Schedule applies to all damages sustained by any one "employee", including such "employee's" dependents and beneficiaries, because of all acts, errors or omissions to which this insurance applies

- (3) The terms of this insurance, including those with respect to:
  - (a) Our right and duty to defend any "suits" seeking those damages; and
  - (b) Your duties, and the duties of any other involved insured, in the event of an act, error or omission, or "claim";
 apply irrespective of the application of the deductible amount.
- (4) We may pay any part or all of the deductible amount to effect settlement of any "claim" or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as we have paid.
- 5. For the purposes of the coverage provided by this endorsement, Paragraph **E.2. Duties In The Event Of Occurrence, Offense, Claim Or Suit** is replaced by the following.
- 2. **Duties In The Event Of An Act, Error Or Omission, Or Claim Or Suit**
  - a. You must see to it that we are notified as soon as practicable of an act, error or omission which may result in a "claim". To the extent possible, notice should include:
    - (1) What the act, error or omission was and when it occurred, and
    - (2) The names and addresses of anyone who may suffer damages as a result of the act, error or omission.
  - b. If a "claim" is made or "suit" is brought against any insured, you must:
    - (1) Immediately record the specifics of the "claim" or "suit" and the date received; and
    - (2) Notify us as soon as practicable.

You must also see to it that we receive written notice of the "claim" or "suit" as soon as practicable
  - c. You and any other involved insured must:
    - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim" or "suit";
    - (2) Authorize us to obtain records and other information;
    - (3) Cooperate with us in the investigation or settlement of the "claim" or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of an act, error or omission to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation or incur any expense without our consent.
- 6. For the purposes of the coverage provided by this endorsement, the following Extended Reporting Period provisions are added.

**Extended Reporting Period**

- a. You will have the right to purchase an Extended Reporting Period, as described below, if:
  - (1) This endorsement is canceled or not renewed; or
  - (2) We renew or replace this endorsement with insurance that:
    - (a) Has a Retroactive Date later than the date shown in the Schedule of this endorsement; or
    - (b) Does not apply to an act, error or omission on a claims-made basis
- b. The Extended Reporting Period does not extend the policy period or change the scope of coverage provided. It applies only to "claims" for acts, errors or omissions that were first committed before the end of the policy period but not before the Retroactive Date, if any, shown in the Schedule. Once in effect, the Extended Reporting Period may not be canceled.
- c. An Extended Reporting Period of five years is available, but only by an endorsement and for an extra charge.

You must give us a written request for the endorsement within 60 days after the end of the policy period. The Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due. We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:

- (1) The "employee benefit programs" insured;
- (2) Previous types and amounts of insurance;

- (3) Limits of Insurance available under this endorsement for future payment of damages, and

- (4) Other related factors.

The additional premium will not exceed 100% of the annual premium for this endorsement.

The Extended Reporting Period endorsement applicable to this coverage shall set forth the terms, not inconsistent with this section, applicable to the Extended Reporting Period, including a provision to the effect that the insurance afforded for "claims" first received during such period is excess over any other valid and collectible insurance available under policies in force after the Extended Reporting Period.

- d. If the Extended Reporting Period is in effect, we will provide an Extended Reporting Period Aggregate Limit of Insurance described below, but only for claims first received and recorded during the Extended Reporting Period.

The Extended Reporting Period Aggregate Limit of Insurance will be equal to the dollar amount shown in the Schedule of this endorsement under Limits of Insurance

Paragraph 4.a.(2) of this endorsement will be amended accordingly. The Each Employee Limit shown in the Schedule will then continue to apply as set forth in Paragraph 4.a.(3).

- 7. For the purposes of the coverage provided by this endorsement, the following definitions are added to Paragraph F. Liability And Medical Expenses Definitions:

- a. "Administration" means:

- (1) Providing information to "employees", including their dependents and beneficiaries, with respect to eligibility for or scope of "employee benefit programs";
- (2) Handling records in connection with the "employee benefit program"; or
- (3) Effecting, continuing or terminating any "employee's" participation in any benefit included in the "employee benefit program"

However, "administration" does not include handling payroll deductions.

b. "Cafeteria plans" means plans authorized by applicable law to allow employees to elect to pay for certain benefits with pretax dollars.

c. "Claim" means any demand, or "suit", made by an "employee" or an "employee's" dependents and beneficiaries, for damages as the result of an act, error or omission.

d. "Employee benefit program" means a program providing some or all of the following benefits to "employees", whether provided through a "cafeteria plan" or otherwise:

- (1) Group life insurance; group accident or health insurance; dental, vision and hearing plans; and flexible spending accounts, provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to those "employees" who satisfy the plan's eligibility requirements;
- (2) Profit sharing plans, employee savings plans, employee stock ownership plans, pension plans and stock subscription plans, provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to all "employees" who are eligible under the plan for such benefits;
- (3) Unemployment insurance, social security benefits, workers' compensation and disability benefits;
- (4) Vacation plans, including buy and sell programs; leave of absence programs, including military, maternity, family and civil leave; tuition assistance plans; transportation and health club subsidies; and
- (5) Any other similar benefits designated in the Schedule or added thereto by endorsement

- 8. For the purposes of the coverage provided by this endorsement, Paragraphs F.5. and F.18. Liability And Medical Expenses Definitions are replaced by the following:

5. "Employee" means a person actively employed, formerly employed, on leave of absence or disabled, or retired. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

**18.** "Suit" means a civil proceeding in which damages because of an act, error or omission to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

**B. Section III – Common Policy Conditions** is amended as follows:

For the purposes of the coverage provided by this endorsement, Paragraph **2.** under **H. Other Insurance** is replaced by the following:

- 2.** This Employee Benefits Liability insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

That is effective prior to the beginning of the policy period shown in the Declarations of the policy to which this endorsement is attached and that applies to an act, error or omission on other than a claims-made basis, if:

- a. No Retroactive Date is shown in the Schedule of this endorsement; or
- b. The other insurance has a policy period which continues after the Retroactive Date shown in the Schedule of this endorsement.

BUSINESSOWNERS  
BP 05 23 01 15

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following.

### **BUSINESSOWNERS COVERAGE FORM**

The following provisions are added to the Businessowners Policy and apply to Property and Liability Coverages:

#### **A. CAP ON CERTIFIED TERRORISM LOSSES**

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act, and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

- B. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

BUSINESSOWNERS  
BP 05 42 01 15

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM**

This endorsement modifies insurance provided under the following.

### **BUSINESSOWNERS COVERAGE FORM**

The following provisions are added to the Businessowners Liability Coverage Form **BP 00 06** and **Section II – Liability** of the Businessowners Coverage Form **BP 00 03**:

**A. The following exclusion is added:**

This insurance does not apply to

#### **TERRORISM PUNITIVE DAMAGES**

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages

**B. The following definition is added**

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

- 1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act, and**

- 2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.**
- C. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Policy**

BUSINESSOWNERS  
BP 05 77 01 06

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FUNGI OR BACTERIA EXCLUSION (LIABILITY)**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS COVERAGE FORM**

The following provisions are added to **Section II – Liability:**

**A. The following exclusion is added to Paragraph B.1., Exclusions – Applicable To Business Liability Coverage:**

**t. Fungi Or Bacteria**

(1) "Bodily injury", "property damage" or "personal and advertising injury" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

(2) Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

**B. The following definition is added Paragraph F. Liability And Medical Expenses Definitions:**

1. "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.



BUSINESS OWNERS  
BP 06 43 04 06

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ILLINOIS CHANGES – DEFENSE COSTS**

This endorsement modifies insurance provided under the following:

BUSINESS OWNERS COVERAGE FORM

The following is added to **Section II – Liability** Paragraph **A. Coverages**:

If we initially defend an insured or pay for an insured's defense but later determine that the claim(s) is (are) not covered under this insurance, we will have the right to reimbursement for the defense costs we have incurred.

The right to reimbursement for the defense costs under this provision will only apply to defense costs we have incurred after we notify you in writing that there may not be coverage, and that we are reserving our rights to terminate the defense and seek reimbursement for defense costs.



POLICY NUMBER:

**BUSINESS OWNERS**  
BP 12 03 01 10**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****LOSS PAYABLE CLAUSES**

This endorsement modifies insurance provided under the following:

BUSINESS OWNERS COVERAGE FORM

**SCHEDULE**

Premises Number:	Building Number:	Applicable Clause (Indicate Paragraph A, B, C or D):
<b>Description Of Property:</b>		
<b>Loss Payee Name:</b>		
<b>Loss Payee Address:</b>		
Premises Number:	Building Number:	Applicable Clause (Indicate Paragraph A, B, C or D):
<b>Description Of Property:</b>		
<b>Loss Payee Name:</b>		
<b>Loss Payee Address:</b>		
Premises Number:	Building Number:	Applicable Clause (Indicate Paragraph A, B, C or D):
<b>Description Of Property:</b>		
<b>Loss Payee Name:</b>		
<b>Loss Payee Address:</b>		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment Property Loss Condition in Section I – Property**, as shown in the Declarations or in the Schedule:

**A. Loss Payable Clause**

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and

2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

#### **B. Lender's Loss Payable Clause**

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in that Covered Property is established by such written instruments as:
  - a. Warehouse receipts;
  - b. A contract for deed,
  - c. Bills of lading;
  - d. Financing statements; or
  - e. Mortgages, deeds of trust, or security agreements.
2. For Covered Property in which both you and a Loss Payee have an insurable interest:
  - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
  - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure for similar action on the Covered Property.
  - c. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
    - (1) Pays any premium due under this policy at our request if you have failed to do so;
    - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
    - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of **Section I – Property** will then apply directly to the Loss Payee.
- d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:
  - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and

- (2) The Loss Payee's right to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel this policy, we will give written notice to the Loss Payee at least:
  - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we do not renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

#### **C. Contract Of Sale Clause**

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest, we will:
  - a. Adjust losses with you; and
  - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to Paragraph H. Other Insurance in Section III – Common Policy Conditions:

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

#### **D. Building Owner Loss Payable Clause**

1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenant's improvements and betterments with you, unless the lease provides otherwise.

POLICY NUMBER:

BUSINESS OWNERS  
BP 14 78 07 13**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF LOSS DUE TO BY-PRODUCTS OF PRODUCTION OR PROCESSING OPERATIONS (RENTAL PROPERTIES)**

This endorsement modifies insurance provided under the following:

### BUSINESS OWNERS COVERAGE FORM

#### SCHEDULE

Premises Number	Building Number	Description Of Rental Unit

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**Section I – Property** is amended as follows:

- A. The terms of this endorsement apply to the rental unit(s) described in the Schedule, and to the building(s) in which such unit(s) are located, including any contents of such unit(s) and building(s), all of which constitute the described premises for the purpose of this endorsement.
- B. We will not pay for loss or damage to the described premises, caused by or resulting from smoke, vapor, gas or any substance released in the course of production operations or processing operations performed at the rental unit(s) described in the Schedule. This exclusion applies regardless of whether such operations are:
  - 1. Legally permitted or prohibited,
  - 2. Permitted or prohibited under the terms of the lease; or
  - 3. Usual to the intended occupancy of the premises

This exclusion does not apply to loss or damage by fire or explosion that results from the release of a by-product of the production or processing operation.

- C. If the loss or damage described in Paragraph B. of this endorsement results in Business Income loss or Extra Expense, there is no coverage for such loss or expense under the Business Income or Extra Expense Additional Coverages.
- D. The conduct of a tenant's production or processing operations will not be considered to be vandalism of the rental premises regardless of whether such operations are:
  - 1. Legally permitted or prohibited;
  - 2. Permitted or prohibited under the terms of the lease; or
  - 3. Usual to the intended occupancy of the premises.

BUSINESS OWNERS  
BP 15 04 05 14

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA-RELATED LIABILITY – WITH LIMITED BODILY INJURY EXCEPTION**

This endorsement modifies insurance provided under the following:

### **BUSINESS OWNERS COVERAGE FORM**

**A. Exclusion B.1.q. of Section II – Liability** is replaced by the following

This insurance does not apply to:

**q. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability**

- (1) Damages, other than damages because of "personal and advertising injury", arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information, or
- (2) Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above

However, unless Paragraph (1) above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

**B. The following is added to Paragraph B.1.p.  
Personal And Advertising Injury Exclusion of  
Section II – Liability:**

This insurance does not apply to.

**p. Personal And Advertising Injury**

"Personal and advertising injury"

Arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information

**QUICK REFERENCE**

**BUSINESS OWNERS POLICY**  
**READ YOUR POLICY CAREFULLY**

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**BUSINESS OWNERS**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EXCLUSION – LEAD**

This endorsement modifies the insurance provided under the following:

**BUSINESS OWNERS COVERAGE FORM**

A. The following exclusion is added to Paragraph B.  
**Exclusions in Section II – Liability**

**B. EXCLUSIONS**

This insurance does not apply to:

**Lead**

1. "Bodily injury", "property damage", or "personal and advertising injury" arising, in whole or in part, out of actual, alleged, threatened or suspected inhalation of, ingestion of, or absorption of, exposure to, or presence of "lead."
2. Any loss, cost or expense arising, in whole or in part, out of any:
  - (a) Request, demand or order that any insured or others test for, abate, remove, monitor, clean up, contain, treat, detoxify, neutralize, or in any way respond to, or assess the effects of "lead"; or

(b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, abating, cleaning up, removing, containing, treating, monitoring, detoxifying or neutralizing or in any way responding to or assessing the effects of "lead."

B. The following definition is added to Paragraph F.  
**Liability and Medical Expenses Limits of Insurance in Section II – Liability:**

"Lead" means lead in any form, whether in combination with, an ingredient of, or as a component of any substance or material.

All other terms, conditions, exclusions and provisions of the policy apply.

**BUSINESS OWNERS****THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****EQUIPMENT BREAKDOWN COVERAGE**

This endorsement modifies insurance provided under the following:

**BUSINESS OWNERS COVERAGE FORM**

**A.** The following is added to Paragraph A.3. Covered Causes of Loss in **Section I – Property**:

**Additional Coverage-- Equipment Breakdown**

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below.

1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident." As used in this Additional Coverage, "accident" means a fortuitous event that causes direct physical damage to "covered equipment." The event must be one of the following:
  - a. mechanical breakdown, including rupture or bursting caused by centrifugal force;
  - b. artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
  - c. explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
  - d. loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
  - e. loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
2. The following coverages also apply to the direct result of an "accident." These coverages do not provide additional amounts of insurance.

**a. Expediting Expenses**

With respect to your damaged Covered Property, we will pay the reasonable extra cost to:

- (1) make temporary repairs; and
- (2) expedite permanent repairs or permanent replacement.

The most we will pay for loss or expense under this coverage is \$50,000.

**b. Hazardous Substances**

We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance." This includes the additional expenses to clean up or dispose of such property.

As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, is \$50,000.

**c. Service Interruption**

(1) Any insurance provided for Business Income or Extra Expense is extended to apply to your loss, damage or expense caused by the interruption of utility services. The interruption must result from an "accident" to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord's utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.

(2) We will not pay for Business Income you sustain that results from the interruption of utility services during the first 24 hours following the "accident." However, if the "period of restoration" begins more than 24 hours after the time of the direct physical damage for Business Income, then that time period will apply instead of the 24 hours provided for in this paragraph.

(3) The most we will pay in any "one accident" for loss, damage or expense under this coverage is the limit that applies to Business Income or Extra Expense.

**d. Business Income and Extra Expense**

Any insurance provided under this policy for Business Income or Extra Expense is extended to the coverage provided by this endorsement.

**B. The following is added to Paragraph B. Exclusions:**

**Equipment Breakdown Exclusions**

All exclusions in the Businessowners Coverage Form apply except as modified below and to the extent that coverage is specifically provided by this Additional Coverage Equipment Breakdown.

**1. The exclusions are modified as follows:**

**a. The following is added to Exclusion B.1.g.:**

However, if electrical "covered equipment" requires drying out because of Water as described in g.(1) through g.(3) above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies.

**b. As respects this endorsement only, the next to the last paragraph in Exclusion B.1.h. is deleted and replaced with the following:**

However, if excluded loss or damage, as described in Paragraph (1) above results in an "accident," we will pay only for the loss, damage or expense caused by such "accident."

**c. As respects this endorsement only, the last paragraph of Exclusion B.2.l. is deleted and replaced with the following:**

But if an excluded cause of loss that is listed in 2.l.(1) through (7) results in an "accident," we will pay for the loss, damage or expense caused by that "accident."

**d. The following is added to Exclusions B.2.m. and B.2.n.:**

We will also pay for direct physical loss or damage caused by an "accident."

**2. We will not pay under this endorsement for loss, damage or expense caused by or resulting from:**

**a. any defect, programming error, programming limitation, computer virus, malicious code, loss of data, loss of access, loss of use, loss of functionality or other condition within or involving "electronic data" of any kind. But if an "accident" results, we will pay for the resulting loss, damage or expense caused by that "accident";**

**b. any of the following tests:**

a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment,

c. misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance. But if an "accident" results, we will pay for the resulting loss, damage or expense caused by that "accident";

d. change in temperature or humidity, whether or not resulting from an "accident"; or

e. contamination by refrigerant resulting from an "accident".

**3. With respect to Service Interruption coverage, we will also not pay for an "accident" caused by or resulting from: fire; lightning; windstorm or hail; explosion (except as specifically provided in A.1.c. above); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.**

**4. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:**

a. loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business; or

b. any increase in loss resulting from an agreement between you and your customer or supplier.

**5. We will not pay under this endorsement for any loss or damage to animals.**

**C. CONDITIONS**

The following conditions are in addition to the Conditions in the Businessowners Coverage Form.

**1. Suspension**

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment." This can be done by mailing or delivering a written notice of suspension to:

a. your last known address; or

b. the address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment." If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

## 2. Jurisdictional Inspections

If any property that is "covered equipment" under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

## 3. Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident," we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, we will not pay more than 125% of what the cost would have been to replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which Actual Cash Value applies.

## D. DEDUCTIBLE

As respects this endorsement only, paragraph **D.1.** of the Businessowners Coverage Form is deleted and replaced with the following:

We will not pay for loss or damage in any "one accident" until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance of **Section I – Property**.

## E. The following definitions are added:

### 1. "Covered equipment"

- a. "Covered equipment" means Covered Property:
  - (1) that generates, transmits or utilizes energy, or
  - (2) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
- b. None of the following is "covered equipment":
  - (1) structure, foundation, cabinet, compartment or air supported structure or building;
  - (2) insulating or refractory material;

- (3) sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;
- (4) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- (5) "vehicle" or any equipment mounted on a "vehicle";
- (6) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
- (7) dragline, excavation or construction equipment;
- (8) equipment manufactured by you for sale; or
- (9) "computer(s)" unless used to control or operate "covered equipment."

**2. "Hazardous substance"** means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.

**3. "One accident"** means: If an initial "accident" causes other "accidents," all will be considered "one accident." All "accidents" that are the result of the same event will be considered "one accident."

**4. "Vehicle"** means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle."

The most we will pay for loss, damage or expense under this endorsement arising from any "one accident" is the applicable Limit of Insurance in the Declarations. Coverage provided under this endorsement does not provide an additional amount of insurance.

**BUSINESSOWNERS****THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****EXPANDED BUSINESSOWNERS EXTENSION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORMS****SECTION I – PROPERTY**

With respect to coverage provided by this endorsement, the provisions of the Businessowners Coverage Form apply, unless modified by this endorsement. The coverage provided by this endorsement applies separately to each location for which this endorsement is shown in the Declarations.

1. **A. Coverage, 4. Limitations, c.** is replaced by the following:
  - c. For loss or damage by theft, the following types of property are covered only up to the limits shown.
    - (1) \$5,000 for furs, fur garments and garments trimmed with fur
    - (2) \$5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item
    - (3) \$5,000 for patterns, dies, molds and forms.
2. **A. Coverage, 5. Additional Coverages, a. Debris Removal, Paragraph (4), b. Preservation Of Property, c. Fire Department Service Charge, f. Business Income, Paragraph (2)(a), h. Pollutant Clean Up And Removal, i. Civil Authority, j. Money Orders And "Counterfeit Money", k. Forgery Or Alteration, Paragraph (4), l. Increased Cost Of Construction, m. Business Income From Dependent Properties, Paragraph (1) and (5)(a), and o. Fire Extinguisher Systems Recharge Expense, Paragraph (3)** are replaced by the following:
  - a. **Debris Removal**
    - (4) We will pay up to an additional \$50,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply.
      - (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
  - b. **Preservation Of Property**

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss of or damage to that property:

    - (1) While it is being moved or while temporarily stored at another location; and
    - (2) Only if the loss or damage occurs within 60 days after the property is first moved.
  - c. **Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$25,000 for service at each premises described in the Declarations, unless a different limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

    - (1) Assumed by contract or agreement prior to loss; or
    - (2) Required by local ordinance
  - f. **Business Income**
    - (2) **Extended Business Income**
      - (a) If the necessary suspension of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that

- (i) Begins on the date property except finished stock is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (ii) Ends on the earlier of:
  - i. The date you could restore your "operations", with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or damage had occurred, or
  - ii. 90 consecutive days after the date determined in Paragraph (a)(i) above, unless a greater number of consecutive days is shown in the Declarations.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located

#### **h. Pollutant Clean Up and Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay for each location under this Additional Coverage is \$25,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

#### **i. Civil Authority**

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for necessary Extra Expense will begin immediately after the time of first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
- (2) When your Civil Authority Coverage for Business Income ends;

whichever is later.

The definitions of Business Income and Extra Expense contained in the Business Income and Extra Expense Additional Coverages also apply to this Civil Authority Additional Coverage. The Civil Authority Additional Coverage is not subject to the Limits Of Insurance of **Section I – Property**.

#### **j. Money Orders And "Counterfeit Money"**

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services.

- (1) Money orders issued by any post office express company or bank that are not paid upon presentation, or
- (2) "Counterfeit money" that is acquired during the regular course of business.

The most we will pay for any loss under this Additional Coverage is \$10,000.

#### **k. Forgery Or Alteration**

- (4) The most we will pay for any loss in any one occurrence, including legal expenses, under this Additional Coverage is \$25,000, unless a higher Limit Of Insurance is shown in the Declarations.

#### **l. Ordinance or Law Coverage**

- (1) Application of Coverage(s)

The coverage(s) provided by this Additional Coverage applies only if both (1)(a) and (1)(b) are satisfied and are then subject to the qualifications set forth in (1)(c).

- (a) The ordinance or law:

- (i) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

**(ii) Is in force at the time of loss.**

But coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

**(b) The building sustains direct physical damage:**

- (i)** That is covered under this policy and as a result of such damage, you are required to comply with the ordinance or law, or
- (ii)** That is covered under this policy and direct physical damage that is not covered under this policy, and as a result the building damage in its entirety, you are required to comply with the ordinance or law.
- (iii)** But if the damage is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.

**(c) In the situation described in (1)(b)(ii) above, we will not pay the full amount of loss otherwise payable under the terms of (3) Coverage of this Additional Coverage.** Instead, we will pay a proportion of such loss, meaning the proportion that the covered direct physical damage bears to the total direct physical damage

However, if the covered direct physical damage alone would have resulted in a requirement to comply with the ordinance or law, then we will pay the full amount of loss otherwise payable under terms of (3) Coverage of this Additional Coverage.

**(2) We will not pay under this Additional Coverage for**

**(a) Enforcement of, or the compliance with, any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread of any activity of "fungi", wet rot or dry rot; or**

**(b) The costs associated with the enforcement of, or the compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet rot or dry rot.**

**(3) Coverage**

**(a) Coverage 1 – Coverage For Loss to the Undamaged Portion of the Building**

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage (a) for the loss in value of the undamaged portion of the building as a consequence of a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the same building. This coverage is included within the Limit Of Insurance applicable to the covered building property shown in the Declarations. This is not additional insurance.

**(b) Coverage 2 – Demolition Cost**

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of a requirement to comply with an ordinance or law that requires demolition of such undamaged property.

Paragraph E.5.d. Loss Payment Property Loss Conditions does not apply to the Demolition Cost.

**(c) Coverage 3 – Increased Cost of Construction Coverage**

With respect to the building that has sustained covered direct physical damage, if replacement cost coverage applies, we will pay the increased cost to repair or reconstruct damaged portions of that building; and/or reconstruct or remodel undamaged portions of that building, whether or not demolition is required; when the increased cost is a consequence of a requirement to comply with the minimum standards of the ordinance or law. However,

- (i) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (ii) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

**Paragraph E.5.d. Loss Payment** Property Loss Conditions does not apply to the Increased Cost Of Construction Coverage

#### (4) Loss Payments

- (a) All following loss payment provisions (4)(b) and (4)(c) are subject to the apportionment procedure set forth in Section (1)(c) of this Additional Coverage.
- (b) When there is a loss in value of the undamaged portion of the building to which Coverage (3)(a) applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows.
  - (i) If Replacement Cost Coverage applies and the property is repaired or replaced, on the same or another premises, we will not pay more for loss or damage to Covered Property, including loss caused by enforcement of an ordinance or law, than the lesser of:
    - (aa)The amount you actually spend to repair, rebuild or reconstruct the building, but not more than the amount it would cost to restore the building on the same premises to the same height, floor area, style and comparable quality of the original property insured; or
    - (bb)The Limit Of Insurance shown in the Declarations as applicable to the covered building.
  - (ii) If Replacement Cost Coverage applies and the property is not repaired or replaced, or if Replacement Cost Coverage does not apply; we will not pay more for loss or damage to Covered Property, including loss caused by enforcement of an ordinance or law, than the lesser of:

- (aa)The actual cash value of the building at the time of loss, or
- (bb)The Limit Of Insurance applicable to the covered Building property
- (c) The most we will pay for covered losses under Coverage 2 – Demolition Cost is \$25,000. The most we will pay for covered losses under Coverage 3 – Increased Cost Of Construction is \$25,000. These limits do not apply in addition to any limit shown for this coverage in the Declarations. Subject to these limits of insurance the following loss payment provisions apply:
  - (i) For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
  - (ii) With respect to the Increased Cost Of Construction:
    - (aa)We will not pay for the Increased Cost Of Construction:
      - (i) Until the property is actually repaired or replaced, at the same or another premises; and
      - (ii) Unless the repairs or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years
    - (bb)If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increases cost of construction at the same premises
    - (cc)If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises
  - (5) Under this Additional Coverage, we will not pay for loss due to any ordinance or law that:
    - (a) You were required to comply with before the loss, even if the building was undamaged, and
    - (b) You failed to comply with

(6) This Additional Coverage is not subject to the terms of the Ordinance or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage

**m. Business Income From Dependent Properties**

(1) We will pay for the actual loss of Business Income you sustain due to physical loss or damage at the premises of a dependent property or secondary dependent property caused by or resulting from any Covered Cause Of Loss

However, this Additional Coverage does not apply when the only loss at the premises of a dependent property or a secondary dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property or secondary dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced

The most we will pay under this Additional Coverage is \$25,000 at each described premises due to damage from a Covered Cause Of Loss at any one dependent property

(6) The coverage period for Business Income under this Additional Coverage.  
 (a) Begins immediately after the time of direct physical loss or damage caused by or resulting from any Covered Cause Of Loss at the described premises of the dependent property or secondary dependent property; and

**o. Fire Extinguisher Systems Recharge Expense**

(3) The most we will pay under this Additional Coverage is \$25,000 in any one occurrence.

**3. A. Coverage, 5. Additional Coverages, f. Business Income** is amended by the addition of the following.

**f. Business Income**

**(5) Newly Acquired Locations**

a. You may extend your Business Income Coverage to apply to property at any location you acquire other than at fairs or exhibitions.  
 b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$500,000 at each location.

c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:

(1) This policy expires;  
 (2) 120 days expire after you acquire or begin to construct the property; or  
 (3) You report values to us

We will charge you additional premium for values reported from the date you acquire the property.

**4. A. Coverage, 5. Additional Coverages** is amended by adding the following coverage:

**s. Lock Replacement And Rekeying**

We will pay the necessary expenses you incur to replace or rekey locks made necessary due to theft or unauthorized copying of keys or any other legitimate security concern.

This insurance does not apply to loss caused by:

(1) Vandalism; or  
 (2) Wear and Tear.

The most we will pay under this Additional Coverage during each policy period is \$5,000.

Lock replacement and rekeying is not subject to a deductible.

**t. Spoilage Coverage**

(1) This policy is extended to cover perishable stock at the described premises owned by you or by others that is in your care, custody or control.

Perishable stock is defined as personal property that is

(a) Maintained under controlled conditions for its preservation, and  
 (b) Susceptible to loss or damage if the controlled conditions change.

(2) For the purpose of this extension only, the Covered Cause of Loss is defined as:

(a) Breakdown or Contamination, meaning:  
 (i) Change in temperature or humidity resulting from mechanical breakdown or mechanical failure of refrigerating, cooling or humidity control apparatus or equipment, but only while such equipment or apparatus is at the described premises; or  
 (ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

(3) For the purpose of this Additional Coverage only, the following Exclusions are added:

We will not pay for loss or damage caused by or resulting from:

- (a) The disconnection of any refrigerating, cooling, humidity control system from the source of power.
- (b) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
- (c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:
  - (i) Lack of fuel;
  - (ii) Governmental order; or
  - (iii) Lack of generating capacity to meet demand.
- (d) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit

**(4) Conditions**

The following condition applies in addition to the Property Loss Conditions (as modified in (a) above) and **Property General Conditions in Section I – Property and Section III – Common Policy Conditions**

**- Additional Condition – Refrigeration Maintenance Agreements**

You must maintain a refrigeration maintenance or service agreement as described below. If you do not maintain this required agreement, the insurance provided by this endorsement will be automatically suspended at the location involved.

A refrigeration maintenance agreement means a written service contract, between you and the refrigeration service organization, which provides for regular periodic inspection of the refrigeration equipment at the insured location, and the servicing and repair of the equipment, including emergency response at the insured location

- (5) The most we will pay under this Additional Coverage is \$10,000 per any one occurrence. This limit does not apply in addition to any limit shown for this coverage in the Declarations.
- (6) This Additional Coverage, Spoilage, will not increase the Limits of Insurance provided in this policy
- (7) If Petroleum Marketers Industry Extension, form BP7148 applies, this Additional Coverage does not apply.

**u. Arson And Theft Rewards**

We will reimburse you for rewards paid by you to any person or persons, other than you, your officers, "managers", your employees or your active "members", for information leading to an arson or theft conviction in connection with a covered loss to covered property resulting from fire or theft.

The most we will pay under this Additional Coverage is \$10,000 per loss. This is the most we will pay regardless of the number of persons who provided the information.

**v. Water Back-Up And Sump Overflow**

(1) We will pay for direct physical loss or damage to Covered Property, covered under **Section I – Property**, caused by or resulting from:

- (a) Water which backs up through or overflows from a sewer or drain; or
- (b) Water which overflows from a sump, even if the overflow results from mechanical breakdown of a sump pump or its related equipment.

However, with respect to Paragraph (b) above, we will not pay the cost of repairing or replacing a sump pump or its related equipment in the event of a mechanical breakdown.

(2) The coverage described in Paragraph (1) of this Additional Coverage does not apply to loss or damage resulting from:

- (a) An insured's failure to keep a sump pump or its related equipment in proper working condition;
- (b) An insured's failure to perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions; or
- (c) Sump pump failure which is caused by or results from failure of power, unless this policy is endorsed to cover power failure affecting the described premises.

(3) With respect to the coverage provided under this Additional Coverage, Exclusion **B.1.g. Water in Section I – Property** is replaced by the following:

**g. Water**

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water under the ground surface pressing on, or flowing or seeping through;

- (a) Foundations, walls, floors or paved surfaces;
- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings

(4) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph 1. or 3., or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (4), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water

But if any of the above, in Paragraph g.(1) through g.(4), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

- (5) For the purposes of this Additional Coverage, the term drain includes a roof drain and related fixtures.
- (6) The most we will pay for this Additional Coverage in any one annual policy period, regardless of the number of locations scheduled, occurrences, accidents, insureds or claims made is \$10,000 for Water Backup and Sump Overflow.

w. Employee Dishonesty

- (1) We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
  - (a) Cause you to sustain loss or damage; and also
  - (b) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
    - (i) Any employee; or
    - (ii) Any other person or organization.
- (2) We will not pay for loss or damage
  - (a) Resulting from any dishonest or criminal act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons

- (b) Resulting from any dishonest act committed by any of your employees (except as provided in Paragraph (1), "managers" or directors.
  - (i) Whether acting alone or in collusion with other persons; or
  - (ii) While performing services for you or otherwise.
- (c) The only proof of which as to its existence or amount is.
  - (i) An inventory computation; or
  - (ii) A profit and loss computation.
- (d) Caused by an employee if the employee had also committed theft or any other dishonest act prior to the effective date of this policy and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the employee, learned of that theft or dishonest act prior to the policy period shown in the Declarations.

(3) The most we will pay under this Additional Coverage for loss or damage in any one occurrence is \$25,000. This limit does not apply in addition to any limit shown for this coverage in the Declarations.

(4) All loss or damage:
 

- (a) Caused by one or more persons; or
- (b) Involving a single act or series of acts; is considered one occurrence.

(5) If any loss is covered:
 

- (a) Partly by this insurance, and
- (b) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

The most we will pay is the larger of the amount recoverable under this insurance or the prior insurance

We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit Of Insurance cumulates from year to year or period to period

(6) This coverage is cancelled as to any employee immediately upon discovery by:
 

- (a) You; or
- (b) Any of your partners, "members", "managers", officers or directors not in collusion with the employee;

of any dishonest act committed by that employee before or after being hired by you.

- (7) We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period
- (8) If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this coverage, provided:
  - (a) This coverage became effective at the time of cancellation or termination of the prior insurance; and
  - (b) The loss or damage would have been covered by this coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- (9) The insurance under Paragraph (8) above is part of, not in addition to, the Limit Of Insurance applying to this coverage and is limited to the lesser of the amount recoverable under:
  - (a) This coverage as of its effective date; or
  - (b) The prior insurance had it remained in effect.

#### x. Utility Services – Direct Damage

##### (1) Coverage

We will pay for loss of or damage to Covered Property caused by an interruption in utility service to the described premises. The interruption in utility services must result from direct physical loss or damage by a Covered Cause of Loss to the property described in (3) below and located off the described premises

##### (2) Exception

Coverage under this Additional Coverage for loss or damage to Covered Property does not apply to loss or damage to "electronic data", including destruction or corruption of "electronic data".

##### (3) Utility Services

- (a) **Water Supply Property**, meaning the following types of property supplying water to the described premises:
  - (i) Pumping stations; and
  - (ii) Water Mains.
- (b) **Communication Supply Property**, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as

- (i) Communication transmission lines, including optic fiber transmission lines;
- (ii) Coaxial cables; and
- (iii) Microwave radio relays except satellites

Communication Supply Property does not include overhead transmission lines

- (c) **Power Supply Property**, meaning the following types of property supplying electricity, steam or gas to the described premises:
  - (i) Utility generating plants;
  - (ii) Switching stations;
  - (iii) Substations;
  - (iv) Transformers; and
  - (v) Transmission lines.

Power Supply Property does not include overhead transmission lines.

- (4) As used in this additional coverage, the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

- (5) The most we will pay for loss or damage under this Additional Coverage is \$25,000 in any one occurrence. This Additional Coverage, Utility Services – Direct Damage, will not increase the Limits Of Insurance provided by this policy. This limit does not apply in addition to any limit shown for this coverage in the Declarations

5. A. **Coverage**, 6. **Coverage Extensions**, a. **Newly Acquired Or Constructed Property**, b. **Personal Property Off Premises**, c. **Outdoor Property**, d. **Personal Effects**, e. **Valuable Papers And Records**, Paragraph (3), and f. **Accounts Receivable**, Paragraph (2) are replaced by the following:

##### a. Newly Acquired Or Constructed Property

###### (1) Buildings

If this policy covers Buildings, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises, and
- (b) Buildings you acquire at premises other than the one described, intended for:
  - (i) Similar use as the building described in the Declarations; or
  - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$1,000,000 at each building.

**(2) Business Personal Property**

- (a) If this policy covers Business Personal Property, you may extend that insurance to apply to:
  - (i) Business Personal Property, including such property that you newly acquire, at any location you acquire
  - (ii) Business Personal Property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

This Extension does not apply to personal property that you temporarily acquire in the course of installing or performing work on such property or your wholesale activities

The most we will pay for loss or damage under this Extension is \$500,000 at each premises.

**(3) Period Of Coverage**

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 120 days expire after you acquire the property or begin construction of that part of the building that would qualify as Covered Property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as Covered Property.

**b. Personal Property Off Premises**

You may extend the insurance that applies to Business Personal Property to apply to covered Business Personal Property, other than "money" and "securities", "valuable papers and records" or accounts receivable, while it is in the course of transit or temporarily at a premises not described in the Declarations. The most we will pay for loss or damage under this Extension is \$50,000.

**c. Outdoor Property**

You may extend the insurance provided by this policy to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants (other than trees, shrubs or plants which are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion;
- (5) Aircraft or Vehicles;
- (6) Windstorm or Hail;
- (7) Smoke; or
- (8) Vandalism.

The most we will pay for loss or damage under this Extension is \$25,000, but not more than \$1,000 for any one tree, shrub or plant. This limit does not apply in addition to any limit shown for Outdoor Signs coverage in the Declarations.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

**d. Personal Effects**

You may extend the insurance that applies to Business Personal Property to apply to personal effects owned by you, your officers, your partners or "members", your "managers" or your employees, including temporary or leased employees. This Extension does not apply to:

- (1) Tools or equipment used in your business; or
- (2) Loss or damage by theft

If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss in excess of the amount due from that other insurance. At our option any loss covered under this Extension may be adjusted with and payable to you.

The most we will pay for loss or damage under this extension is \$25,000 at each described premises.

**e. Valuable Papers And Records**

(3) The most we will pay under this Coverage extension for loss or damage to "valuable papers and records" in any one occurrence at the described premises is \$50,000, unless a higher Limit Of Insurance for "valuable papers and records" is shown in the Declarations

For "valuable papers and records" not at the described premises, the most we will pay is \$25,000.

**f. Accounts Receivable**

(2) The most we will pay under this Coverage Extension for loss or damage in any one occurrence at the described premises is \$50,000, unless a higher Limit Of Insurance for accounts receivable is shown in the Declarations.

For accounts receivable not at the described premises, the most we will pay is \$25,000.

**6. A. Coverage, 6. Coverage Extensions** is amended by adding the following coverage:

**h. Money And Securities**

- (1) We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee (including a temporary or leased employee) having use and custody of the property, or while in the custody of a person you have authorized to have custody of the "money" or "securities", at the described premises, or in transit between any of these places resulting directly from:
  - (a) Theft, meaning any act of stealing;
  - (b) Disappearance; or
  - (c) Destruction
- (2) In addition to the Limitations and Exclusions applicable to **Section I – Property**, we will not pay for loss:
  - (a) Resulting from accounting or arithmetical errors or omissions,
  - (b) Due to the giving or surrendering of property in any exchange or purchase, or
  - (c) Of property contained in any "money" operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
- (3) All loss:
  - (a) Caused by one or more persons; or
  - (b) Involving a single act or series of related acts;
 is considered one occurrence.
- (4) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage
- (5) In the event of loss or damage we will determine the value as follows:
  - (a) "Money" at its face value; and
  - (b) "Securities" at their value at the close of business on the day the loss is discovered.
- (6) The most we will pay under this Extension for loss in any one occurrence is \$10,000. This limit does not apply in addition to any limit shown for this coverage in the Declarations

**i. Premises Damage Resulting From Burglary or Robbery**

We will pay for loss or damage to the building at the described premises caused by or resulting from actual or attempted burglary or robbery if you are legally obligated to pay such loss or damage. The most we will pay under this Extension is \$5,000 at each described premises.

**j. Claims Data Expense**

We will pay up to \$10,000 for reasonable costs you incur preparing loss data required by policy conditions after a covered property loss. This includes the cost of taking inventory, making appraisals and preparing other data to determine the extent of your loss.

We will not pay for expenses or fees you incur from public insurance adjusters or for expenses related to claims not covered by this policy

**k. Fine Arts**

We will pay for loss or damage, including breakage, to your fine arts or fine arts of others in your care, custody or control. For the purpose of this Extension fine arts means antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains; rare books; antique silver; rare glass, manuscripts and other bona fide works of art of rarity, historical value or artistic merit

We will determine the value of the fine arts at market value at the time of loss or damage.

In case of loss or damage to a pair or set, we will pay you the full value of the pair or set and you agree to surrender the remaining articles of the set to us.

Our payment for loss or damage to fine arts of others will only be for the account of the owner of the property. If other insurance exists for loss or damage covered under this Extension, whether it can be collected or not, this Extension will not apply to that part of the loss.

The most we will pay under this Extension is \$50,000.

**7. C. Limits Of Insurance, 2. \$1,000 limitation to outdoor signs attached to buildings, is deleted.**

**8. The following is added to Section D. Deductibles.**

- 4. With respect to the coverages provided by this endorsement, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds \$500 or the Property Deductible shown on the Businessowners Declarations, whichever is less. We will then pay the amount of loss or damage in excess of \$500 or the Property Deductible shown on the Businessowners Declarations, whichever is less, up to the applicable Limit of Insurance.

**9. Under H. Property Definitions**

Paragraph 9.a. of the "Period of Restoration" definition is replaced by the following:

- a. Begins immediately after the time of direct physical loss or damage caused by or resulting from any covered cause of loss at the described premises; and

**10. Throughout the forms modified by this endorsement the words "within 100 feet" are replaced with "within 1,000 feet."**

**11. Brands and Labels**

- a. If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. If so, you may
  - (1) Stamp "salvage" on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
  - (2) Remove the brands or labels, if doing so will not physically damage the merchandise. You must relabel the merchandise or its containers to comply with the law.
- b. We will pay reasonable costs you incur to perform the activity described in a.(1) or a.(2) above. But the total we pay for these costs and the value of the damaged property will not exceed the applicable Limit of Insurance on such property.

**SECTION II – LIABILITY**

**Section II – Liability** is amended to include the following clarifications and extensions of coverage. The provisions of the coverage form apply unless modified by the endorsement.

**1. The insurance provided under Paragraphs A.1.f.(1)(b) and A.1.f.(1)(d) of Coverage Extension – Supplementary Payments are replaced by the following:**

- (b) Up to \$3,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.

- (d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of earnings up to \$350 a day because of time off from work.

**2. Paragraph A.2.a.(3)(b) Medical Expenses is replaced by the following.**

- b. The expenses are incurred and reported to us within three years of the date of the accident, and

- 3. With respect to **B.1. Exclusions Applicable To Business Liability Coverage**, Paragraphs k.(3), k.(4), k.(6) and l. do not apply to the use of elevators.

The insurance afforded by this provision is excess over any valid and collectible property insurance (including any deductible) available to the insured, and the Other Insurance Condition is changed accordingly.

**4. The following is added to Paragraph C.1. Who Is An Insured:**

- f. Any legally incorporated subsidiary in which you own more than 50% of the voting stock on the effective date of this policy. However, an insured does not include any subsidiary that is an insured under any other general liability policy, or would have been an insured under such policy but for termination of that policy or the exhaustion of that policy's limits of liability

**5. The following is added to Paragraph C. Who Is An Insured**

- 3. Any organization you newly acquire or form, other than a partnership, joint venture, or limited liability company and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization

However:

- a. Coverage under this provision is afforded only until the 180<sup>th</sup> day after you acquire or form the organization or the end of the policy period, whichever is earlier;

- b. Paragraph A.1. Business Liability does not apply to:

- (1) "Bodily injury" or "property damage" that occurred before you acquired or formed the organization; and

- (2) "Personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture, or limited liability company that is not shown as a Named Insured in the Declarations.

This provision does not apply to newly formed or acquired organizations if coverage is excluded either by the provisions of the Coverage Part or by endorsements.

**6. The following is added to Paragraph E.2. Liability And Medical Expenses General Conditions, Duties In The Event of Occurrence, Offense, Claim Or Suit:**

- e. The requirement in Paragraph E.2.a. that you must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim, applies only when the "occurrence" or offense is known to:

- (1) You, if you are an individual or a limited liability company;
- (2) A partner, if you are a partnership;
- (3) A manager, if you are a limited liability company;
- (4) An "executive officer" or an insurance manager, if you are a corporation; or

f. The requirement in Paragraph E.2.b. that you must see to it that we receive notice of a claim or "suit" as soon as practicable will not be considered breached unless the breach occurs after such claim or "suit" is known to.

- (1) You, if you are an individual or a limited liability company;
- (2) A partner, if you are a partnership;
- (3) A manager, if you are a limited liability company;
- (4) An "executive officer" or an insurance manager, if you are a corporation; or

7. Paragraph **F.3. Liability And Medical Expenses Definitions** is replaced by the following:

- 3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including mental anguish or death resulting from any of these at anytime.

**BUSINESS OWNERS**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**AMENDMENT OF EMPLOYEE BENEFITS  
PROGRAM DEFINITION**

This endorsement modifies insurance provided under the following:

**EMPLOYEE BENEFITS LIABILITY COVERAGE ENDORSEMENT**

A. Paragraph A.7.d, of the Employee Benefits Liability Coverage Endorsement (**BP0498**) is replaced by the following:

d. "Employee benefit program" means a program providing some or all of the following benefits to "employees", whether provided through a "cafeteria plan" or otherwise:

(1) Group life insurance, group accident or health insurance, dental, vision, prescription and hearing plans, and flexible spending accounts, provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to those "employees" who satisfy the plan's eligibility requirements;

(2) Profit sharing plans, employee savings plans, individual retirement account (IRA) plans, employee stock ownership plans, pension plans and stock subscription plans,

provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to all "employees" who are eligible under the plan for such benefits,

(3) Unemployment insurance, social security benefits, workers' compensation and disability benefits;

(4) Vacation plans, including buy and sell programs; leave of absence programs, including military, maternity, family, and civil leave; tuition assistance plans; transportation and health club subsidies; and

(5) Any other similar benefits designated in the Schedule or added thereto by endorsement.



Employers Mutual  
Casualty Company

**NONASSESSABLE POLICY—MUTUAL PROVISIONS**

Home Office, Des Moines, Iowa

The Insured shall not be liable for any assessment under this policy.

By acceptance of this policy the Named Insured becomes a member of the Company and shall be entitled to vote at all meetings of the Company, and shall upon termination of this policy, participate in the distribution of dividends as fixed and determined by the directors in accordance with law. The annual meeting of the members is held at the Home Office of the Company in Des Moines, Iowa, at 9:30 a.m. Central Time, on the second Wednesday in March of each year.

IN WITNESS WHEREOF, this Company has executed and attested these presents.

Robert L. Link, Secretary

Bruce G. Kelley, President



EMCASCO  
Insurance Company

Home Office, Des Moines, Iowa

IN WITNESS WHEREOF, this Company has executed and attested these presents

Todd A. Strother, Secretary

Bruce G. Kelley, President



Union Insurance  
Company of Providence

Home Office, Des Moines, Iowa

IN WITNESS WHEREOF, this Company has executed and attested these presents.

Todd A. Strother, Secretary

William G. Arnold, President



Illinois EMCASCO  
Insurance Company

Home Office, Des Moines, Iowa

IN WITNESS WHEREOF, this Company has executed and attested these presents.

Todd A. Strother, Secretary

Gary A. Kohnke, President



Dakota Fire  
Insurance Company

Home Office, Bismarck, North Dakota

IN WITNESS WHEREOF, this Company has executed and attested these presents

Robert L. Link, Secretary

Marilyn R. Terres, President



Hamilton Mutual  
Insurance Company

**NONASSESSABLE POLICY—MUTUAL PROVISIONS**

Home Office, Des Moines, Iowa

The Insured shall not be liable for any assessment under this policy

By acceptance of this policy the Named Insured becomes a member of the Company and shall be entitled to vote at all meetings of the Company, and shall upon termination of this policy participate in the distribution of dividends as fixed and determined by the directors in accordance with law. The annual meetings are held at the Ohio branch office of the Company (currently located in Blue Ash, Ohio) on the third Monday of February in each year, at 1:00 p.m. Eastern Time. If the third Monday falls on a legal holiday in the state of Ohio, the meeting will be held on the next business day.

IN WITNESS WHEREOF, this Company has executed and attested these presents.

Robert L. Link, Secretary

Philip A. Goedde, President



EMC Property &  
Casualty Company

Home Office, Des Moines, Iowa

IN WITNESS WHEREOF, this Company has executed and attested these presents

Todd A. Strother, Secretary

Bruce G. Kelley, President



Employers Mutual  
Casualty Company

**MUTUALS—MEMBERSHIP AND VOTING NOTICE**

Home Office, Des Moines, Iowa (Applicable in the State of Texas)

The Insured is notified that by virtue of this policy, the Insured is a member of the Employers Mutual Casualty Company of Des Moines, Iowa, and is entitled to vote either in person or by proxy at any and all meetings of said Company. The Annual Meetings are held in its Home Office, Des Moines, Iowa, on the second Wednesday of March, in each year, at 9:30 a.m. Central Time.

**MUTUALS—PARTICIPATION CLAUSE WITHOUT CONTINGENT LIABILITY**

No Contingent Liability This policy is non-assessable. The policyholder is a member of the Company and shall participate, to the extent and upon the conditions fixed and determined by the Board of Directors in accordance with the provisions of law, in the distribution of dividends so fixed and determined.

IN WITNESS WHEREOF, this Company has executed and attested these presents.

Robert L. Link, Secretary

Bruce G. Kelley, President

INTERLINE

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ASBESTOS EXCLUSION**

This endorsement modifies insurance provided under the following

BUSINESS OWNERS COVERAGE FORM  
COMMERCIAL GENERAL LIABILITY COVERAGE FORM  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE FORM  
POLLUTION LIABILITY COVERAGE FORM  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE FORM  
RAILROAD PROTECTIVE LIABILITY COVERAGE FORM

The policy does not apply to "bodily injury", "personal injury" (or "personal and advertising injury" if defined as such in your policy) or "property damage" (including any associated clean-up obligations) arising out of the installation, existence, removal, or disposal of asbestos or any substance containing asbestos fibers

Commercial Lines

## ILLINOIS COMPANY ELIMINATION ENDORSEMENT

The Illinois Insurance Department requires the company to explain by this endorsement that.

**Employers Mutual Casualty Company and**

**EMCASCO Insurance Company**

**Union Insurance Company of Providence**

**EMC Property & Casualty Company**

**Illinois EMCASCO Insurance Company**

are licensed to do insurance business in Illinois, but;

**Dakota Fire Insurance Company**

**Hamilton Mutual Insurance Company**

are not licensed companies in Illinois and reference to such is hereby deleted from the policy

This endorsement in no way affects the coverage under the policy/bond to which it is attached but is intended only to clarify the name of the issuing company.

INTERLINE

## TO THE POLICYHOLDER

### Notice of Availability of the Department of Insurance

To comply with Notice of Availability information for the handling of complaints, Part 919 of the Rules of the Illinois Department of Insurance requires that our company advise you that, if you wish to take this matter up with the Illinois Department of Insurance, it maintains a Consumer Division in Chicago at 122 S Michigan Ave , 19th Floor, Chicago, Illinois 60603 and in Springfield at 320 West Washington Street, Springfield, Illinois 62767. They may be reached at the following website address & phone numbers. <http://insurance illinois gov> 312-814-2420 or 217-782-4515

EMC Insurance Companies also maintains a complaint department at its Chicago branch office located at 1815 S Meyers Road, Suite 500, Oakbrook Terrace, Illinois 60181 for Employers Mutual Casualty Company, EMCASCO Insurance Company, Employers Modern Life Company, Union Insurance Company of Providence, Dakota Fire Insurance Company and Illinois EMCASCO Insurance Company. Our Illinois toll free number is 1-800-942-7448. If this toll free number is not accessible from your phone, collect calls will also be accepted.

COMMERCIAL INTERLINE

## IMPORTANT NOTICE TO POLICYHOLDERS

### Re: New Federal Claim Information Reporting Requirements

New federal reporting requirements for claims involving parties potentially eligible for Medicare are now in place. With your continued cooperation, EMC Insurance Companies will be able to meet these new reporting responsibilities.

To help us comply with the new requirements, **you simply need to make sure you report all claims to your agent or EMC Insurance Companies.** If you choose to pay a claim, or attempt to settle a claim on your own, you may become responsible for these new reporting requirements.

For specific information on Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA) (P.L. 110-173), go to [www.cms.hhs.gov/MandatoryInsRep/](http://www.cms.hhs.gov/MandatoryInsRep/) or consult with your attorney.

COMMERCIAL INTERLINE

## ILLINOIS NOTICE TO POLICYHOLDERS REGARDING THE RELIGIOUS FREEDOM PROTECTION AND CIVIL UNION ACT

Dear Policyholder:

This is to provide notice that, pursuant to Illinois Department of Insurance Company Bulletin 2011-06 (CB 2011-06), this policy is in compliance with the Illinois Religious Freedom Protection and Civil Union Act ("the Act", 750 ILL COMP. STAT. 75/1). The Act, which became effective June 1, 2011, creates a legal relationship between two persons of either the same or opposite sex who establish a civil union.

The Act provides that parties to a civil union are entitled to the same legal obligations, responsibilities, protections and benefits that are afforded or recognized by the law of Illinois to spouses, whether they are derived from statute, administrative rule, policy, common law or any source of civil or criminal law. In addition, this law requires recognition of a same-sex civil union, marriage, or other substantially similar legal relationship, except for common law marriage, legally entered into in other jurisdictions. The Act further provides that "party to a civil union" shall be included in any definition or use of the terms "spouse", "family", "immediate family", "dependent", "next of kin" and other terms descriptive of spousal relationships as those terms are used throughout the law. According to CB 2011-06, this includes the terms "marriage" or "married" or any variations thereof. CB 2011-06 also states that if policies of insurance provide coverage for children, the children of civil unions must also be provided coverage.

COMMERCIAL INTERLINE

## ADVISORY NOTICE TO POLICYHOLDERS

This Notice does not form a part of your insurance contract. No coverage is provided by this Notice, nor can it be construed to replace any provisions of your policy (including its endorsements). If there is any conflict between this Notice and the policy (including its endorsements), **the provisions of the policy (including its endorsements) shall prevail.**

Your new or renewal policy includes one or more of the protective devices endorsements listed below. Carefully read the endorsement(s) attached to your policy. For questions about how coverage under your policy may be affected by the endorsement(s), please contact your insurance agent.

### PROTECTIVE DEVICES ENDORSEMENTS

<u>Type of Policy</u>	<u>Endorsement Title</u>	<u>Endorsement Number</u>
Businessowners	Protective Safeguards	BP0430
Businessowners	South Dakota Protective Safeguards	BP0479
Commercial Output Program	Protective Devices Endorsement	COP-238
Commercial Output Program	Protective Devices Endorsement	CO0238
Commercial Output Program	Protective Devices Endorsement	CO1238
Commercial Property	Protective Safeguards	CP0411
Commercial Property	South Dakota Protective Safeguards	CP0412
Commercial Property	Burglary And Robbery Protective Safeguards	CP1211